



MARTINREA INTERNATIONAL INC.

REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2025

MESSAGE TO SHAREHOLDERS

2025 was an excellent year for Martinrea, exceeding expectations in a challenging industry environment. We navigated tariff uncertainty, continued EV volume shortfalls, and shifting trade dynamics, and emerged stronger as a company. We are very pleased with the progress made during the year.

Before we get to the financial numbers, let's start with the numbers that matter most to us: our safety record and our culture. Both are mission critical for your leadership team at Martinrea, and for our people. We believe these numbers demonstrate the underlying health and resilience of our company, and form a strong base of support for our financial performance today and going forward.

First, safety results. Our Total Recordable Injury Frequency, or TRIF, was 0.71x in 2025, an improvement over last year and among the very best in our industry. The industry average is around 3.0, so we are world class. We have said it before: there is no better way to show your people that you care about them than keeping them safe. Our safety-first culture remains a primary feature of our operations. Safety discussions occur daily in our plants. Our Board of Directors meetings include a safety presentation and report. Our people come first, and we have consistently demonstrated that in normal times and difficult times alike.

Second, employee morale and engagement remain exceptional across our organization. We work to "make people's lives better" with our Golden Rule approach: treat people the way you want to be treated. It's a living thing, not just a slogan. When you visit our locations, it's clear, and we're proud of our people and our progress meeting the challenges of this business. We believe a happy, motivated, empowered, purpose-oriented workforce is the foundation of company success in the short, medium and long term. Our culture, as we have cultivated it over the years, is a sustainable competitive advantage.

A strong thank you to our people.

Now let's look at some of the highlights of 2025. Note that we have much detail in our year end filings, including our Annual Information Form and our Sustainability Report, as well as our financial filings:

- We generated a record level of Free Cash Flow for the Company, at just under \$200 million. This is the third year in a row that we have generated Free Cash Flow in the \$150 to \$200 million range. We have delivered on our commitment to being a consistent generator of strong Free Cash Flow, and our track record is now well-established.
- Our Adjusted Operating Income Margin came in at 5.6%, in the top third of our peer group, based on the most recently available public filings. We continued to drive operating improvements across the organization and obtained commercial recoveries from our customers for EV volume shortfalls and tariff-related costs.
- Net Income for the year was \$107.0 million, a strong turnaround from 2024, when we recorded asset impairments to reflect the reality of slower EV adoption. Adjusted Net Earnings per Share came in at \$2.25.
- Revenues were approximately \$4.82 billion, down modestly from 2024, reflecting the broader slowdown in industry production and lower EV volumes.
- We maintained a strong balance sheet, with our net debt to adjusted EBITDA ratio ending the year at 1.35x, comfortably below our target of 1.5x or better. We reduced long-term debt by approximately \$113 million, lowering our financing costs going forward.
- At the same time, we returned capital to shareholders. We resumed our normal course issuer bid activity in the fourth quarter, repurchasing approximately 779,000 shares. We have now repurchased about 10% of our outstanding shares over the past three years.

- We won multiple supplier awards in 2025, including a General Motors Supplier of the Year award, and awards from Toyota, Volvo, Nissan, ZF, and Caterpillar. A strong base for new business awards and replacement work.
- We were awarded \$340 million in new annualized business, inclusive of some takeover work, from a diverse group of customers including BMW, Stellantis, Toyota, General Motors, Audi, Ford, Volvo Truck, and JCB. We also won program extensions worth over \$1 billion in annualized sales at mature volumes. Quoting activity is currently robust.
- We invested in our business, with approximately \$238 million in capital expenditures, lower than recent years, reflecting improved capital management and optimization of our existing assets.
- We acquired the assets of Lyseon North America in Tulsa, Oklahoma, adding business with International Motors (formerly Navistar) in school buses and commercial vehicles. This acquisition broadens our product offering and further diversifies the business.
- Our Advanced Manufacturing Team made great progress with machine learning installations across our plant network. To support this strategy, we acquired a 10% equity stake in Polyalgorithm Machine Learning Inc. (PolyML), a provider of advanced machine learning and data analytics solutions. Their technology is driving improvements in weld quality, efficiency, energy usage, and press health monitoring. We are embracing technology in both our operations and our strategic investments.

Subsequent to year end, we extended our banking facility out to 2030, adding two new banks to our syndicate, now at twelve. We have a great relationship with our lenders, and we thank them for their ongoing support and continued vote of confidence. A strong banking relationship gives us the ability to finance our future growth.

Turning briefly to the environment in which we operate. The USMCA renegotiation process is underway. We have been heavily involved. We believe the North American auto industry, including autos and parts, will remain free of significant internal tariffs. The governments in the United States, Mexico, and Canada all support a strong auto parts sector. Fortress North America remains our approach. The vast majority of our parts exported from Canada or Mexico to the United States are compliant with USMCA terms and not subject to tariffs. We have been successful in recovering the majority of our tariff costs through commercial settlements with our OEM customers. If tighter rules of origin emerge from the negotiations, as we expect, that is good news for North American parts suppliers like Martinrea.

We have seen many challenges since we started in 2001: 9/11, the financial crisis, NAFTA renegotiation, a pandemic, semiconductor shortages, and the EV transition that has not met expectations. After every challenge we emerged stronger as a company, with better operations and a strengthened corporate culture. Challenges create opportunities. We will continue to buy assets or build new plants to satisfy and grow our customer base. People need mobility, they need vehicles, and they need parts for vehicles. We are and will be there.

Our future is bright. Our people support us in that view, and we thank them for their service. Our strength is in our people. We look forward to sharing the future with you.



Rob Wildeboer
Executive Chairman



Pat D'Eramo
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS
OF OPERATING RESULTS AND FINANCIAL POSITION

For the year ended December 31, 2025

The following management discussion and analysis ("MD&A") was prepared as of March 5, 2026 and should be read in conjunction with the Company's audited consolidated financial statements ("consolidated financial statements") for the year ended December 31, 2025 together with the notes thereto. All amounts in this MD&A are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings (loss) per share and number of shares. Additional information about the Company, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, can be found at www.sedarplus.ca.

OVERVIEW

Martinrea International Inc. (TSX: MRE) ("Martinrea" or the "Company") is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems. As at March 5, 2026, Martinrea employed over 16,000 skilled and motivated people in 57 locations (including sales and engineering centres) in Canada, the United States, Mexico, Brazil, Germany, Spain, South Africa, Slovakia, China, and Japan.

Martinrea's vision is to make people's lives better by being the best supplier we can be in the products we make and the services we provide. The Company's mission is to make people's lives better by: delivering outstanding quality products and services to our customers; providing meaningful opportunity, job satisfaction, and job security for our people; providing superior long-term investment returns to our stakeholders; and being positive contributors to our communities.

OVERALL RESULTS

Results of operations may include certain items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS Accounting Standards ("IFRS") measures, management uses non-IFRS measures in the Company's disclosures that it believes provide the most appropriate basis on which to evaluate the Company's results.

The following tables set out certain highlights of the Company's performance for the three months and years ended December 31, 2025 and 2024. Refer to the Company's consolidated financial statements for the year ended December 31, 2025 for a detailed account of the Company's performance for the periods presented in the tables below.

	Year ended		Year ended		\$ Change	% Change
	December 31, 2025		December 31, 2024			
Sales	\$	4,821,851	\$	5,014,127	(192,276)	(3.8%)
Gross Margin		647,061		648,557	(1,496)	(0.2%)
Operating Income		192,474		124,608	67,866	54.5%
Net Income (Loss) for the period		106,985		(34,546)	141,531	409.7%
Net Earnings (Loss) per Share - Basic and Diluted	\$	1.47	\$	(0.46)	1.93	419.6%
<u>Non-IFRS Measures**</u>						
Adjusted Operating Income	\$	268,108	\$	266,698	1,410	0.5%
<i>% of Sales</i>		5.6 %		5.3 %		
Adjusted EBITDA		582,744		614,758	(32,014)	(5.2%)
<i>% of Sales</i>		12.1 %		12.3 %		
Adjusted Net Income*		163,328		91,041	72,287	79.4%
Adjusted Net Earnings per Share - Basic*	\$	2.25	\$	1.21	1.04	86.0%
Adjusted Net Earnings per Share - Diluted*	\$	2.25	\$	1.20	1.05	87.5%

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Sales	\$ 1,187,284	\$ 1,150,928	36,356	3.2%
Cost of sales (excluding depreciation)	(972,365)	(937,527)	(34,838)	(3.7%)
Depreciation of property, plant and equipment and right-of-use assets (production)	(73,964)	(84,361)	10,397	12.3%
Gross Margin	140,955	129,040	11,915	9.2%
Research and development costs	(8,707)	(10,194)	1,487	14.6%
Selling, general and administrative	(72,467)	(74,445)	1,978	2.7%
Depreciation of property, plant and equipment and right-of-use assets (non-production)	(3,507)	(4,310)	803	18.6%
Loss on disposal of property, plant and equipment	(1,208)	(22)	(1,186)	(5,390.9%)
Restructuring costs	(3,004)	(1,034)	(1,970)	(190.5%)
Impairment of assets	(39,516)	(129,446)	89,930	69.5%
Operating Income (Loss)	\$ 12,546	\$ (90,411)	102,957	113.9%
Share of loss of equity investments	(929)	(757)	(172)	(22.7%)
Finance expense	(14,843)	(17,513)	2,670	15.2%
Other finance income (expense)	843	(1,227)	2,070	168.7%
Loss before income taxes	\$ (2,383)	\$ (109,908)	107,525	97.8%
Income tax recovery (expense)	18,041	(23,424)	41,465	177.0%
Net Income (Loss) for the period	15,658	(133,332)	148,990	111.7%
Net Earnings (Loss) per Share - Basic and Diluted	\$ 0.22	\$ (1.82)	2.04	112.1%
Non-IFRS Measures**				
Adjusted Operating Income	\$ 55,066	\$ 40,069	14,997	37.4%
<i>% of Sales</i>	4.6 %	3.5 %		
Adjusted EBITDA	136,037	131,660	4,377	3.3%
<i>% of Sales</i>	11.5 %	11.4 %		
Adjusted Net Income (Loss)*	48,323	(15,596)	63,919	409.8%
Adjusted Net Earnings (Loss) per Share - Basic and Diluted*	\$ 0.67	\$ (0.21)	0.88	419.0%

*Adjusted Net Income and Adjusted Net Earnings per Share for the three months and year ended December 31, 2025 were positively impacted by an unusually low effective tax rate. This was driven primarily by the magnitude and pace of the appreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the year ended December 31, 2025 was 17.3%. Excluding these foreign exchange items, the effective tax rate for the year would have been 32.6%. Using this normalized tax rate of 32.6%, Adjusted Net Earnings per Share would have been \$0.37 for the three months ended December 31, 2025, and \$1.83 for the year ended December 31, 2025.

****Non-IFRS Measures**

The Company prepares its consolidated financial statements in accordance with IFRS. However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income (Loss)", "Adjusted Net Earnings (Loss) per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow (after IFRS 16 lease payments)", and "Net Debt".

The following tables provide a reconciliation of IFRS "Net Income (Loss)" to Non-IFRS "Adjusted Net Income (Loss)", "Adjusted Operating Income" and "Adjusted EBITDA":

	Three months ended December 31, 2025	Three months ended December 31, 2024
Net Income (Loss)	\$ 15,658	\$ (133,332)
Adjustments, after tax*	32,665	117,736
Adjusted Net Income (Loss)	\$ 48,323	\$ (15,596)

	Year ended December 31, 2025	Year ended December 31, 2024
Net Income (Loss)	\$ 106,985	\$ (34,546)
Adjustments, after tax*	56,343	125,587
Adjusted Net Income	\$ 163,328	\$ 91,041

*Adjustments are explained in the "Adjustments to Net Income (Loss)" section of this MD&A

	Three months ended December 31, 2025	Three months ended December 31, 2024
Net Income (Loss)	\$ 15,658	\$ (133,332)
Income tax expense (recovery)	(18,041)	23,424
Other finance expense (income)	(843)	1,227
Share of loss of equity investments	929	757
Finance expense	14,843	17,513
Adjustments, before tax*	42,520	130,480
Adjusted Operating Income	\$ 55,066	\$ 40,069
Depreciation of property, plant and equipment and right-of-use assets	77,471	88,671
Amortization of development costs	2,292	2,898
Loss on disposal of property, plant and equipment	1,208	22
Adjusted EBITDA	\$ 136,037	\$ 131,660

	Year ended December 31, 2025	Year ended December 31, 2024
Net Income (Loss)	\$ 106,985	\$ (34,546)
Income tax expense	14,943	87,149
Other finance expense (income)	3,378	(6,913)
Share of loss of equity investments	2,926	2,904
Finance expense	64,242	76,014
Adjustments, before tax*	75,634	142,090
Adjusted Operating Income	\$ 268,108	\$ 266,698
Depreciation of property, plant and equipment and right-of-use assets	304,837	335,479
Amortization of development costs	8,280	11,070
Loss on disposal of property, plant and equipment	1,519	1,511
Adjusted EBITDA	\$ 582,744	\$ 614,758

*Adjustments are explained in the "Adjustments to Net Income (Loss)" section of this MD&A

SALES

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
North America	\$ 900,483	\$ 881,043	19,440	2.2%
Europe	262,859	243,554	19,305	7.9%
Rest of the World	26,520	31,855	(5,335)	(16.7%)
Eliminations	(2,578)	(5,524)	2,946	53.3%
Total Sales	\$ 1,187,284	\$ 1,150,928	36,356	3.2%

The Company's consolidated sales for the fourth quarter of 2025 increased by \$36.4 million or 3.2% to \$1,187.3 million as compared to \$1,150.9 million for the fourth quarter of 2024. The total increase in sales was driven by year-over-year increases in the North America and Europe operating segments, partially offset by a year-over-year decrease in the Rest of the World.

Sales for the fourth quarter of 2025 in the Company's North America operating segment increased by \$19.4 million or 2.2% to \$900.5 million from \$881.0 million for the fourth quarter of 2024. The operations acquired from Lyseon North America, Inc. ("Lyseon"), results for which were consolidated with those of the Company effective October 20, 2025, contributed \$14.2 million of year-over-year sales to the North America operating segment. Excluding the acquired operations, fourth quarter sales in North America increased by \$5.2 million or 0.6%. The increase was due to higher year-over-year OEM production volumes on certain light vehicle platforms, including the Jeep Grand Cherokee and Wagoneer, General Motors' electric vehicle platforms (BEV3/BET), General Motors' large pick-up truck and SUV platforms, Nissan Pathfinder and Rogue, and General Motors' Equinox/Terrain; the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the fourth quarter of 2025 of \$12.3 million; and the launch and ramp up of new programs, including Volvo's new electric vehicle platform (EX90), and General Motors' new electric vehicle platform (Chevrolet Bolt). These positive factors were partially offset by a decrease in tooling sales of \$43.1 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; lower year-over-year OEM production volumes on certain light vehicle platforms, including the Ford Escape and Maverick, the Lucid Air, the Ford Mustang Mach E, and Mercedes' electric vehicle platform (EVA2); and programs that ended production during or subsequent to the fourth quarter of 2024, specifically the Chevrolet Malibu.

Sales for the fourth quarter of 2025 in the Company's Europe operating segment increased by \$19.3 million or 7.9% to \$262.9 million from \$243.6 million for the fourth quarter of 2024. The increase was due to a higher year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, a transmission for the ZF Group, and the Stellantis' Fiat Mini platform; the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the fourth quarter of 2025 of \$18.0 million; an increase in tooling sales of \$7.7 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer; and the launch and ramp up of new programs during or subsequent to the fourth quarter of 2024, including a transmission for Audi. These positive factors were partially offset by lower year-over-year OEM production volumes on certain platforms, including the Lucid Air, Jaguar Land Rover, and Mercedes' electric vehicle platform (EVA2).

Sales for the fourth quarter of 2025 in the Company's Rest of the World operating segment decreased by \$5.3 million or 16.7% to \$26.5 million from \$31.9 million in the fourth quarter of 2024. The decrease was largely driven by a decrease in tooling sales of \$6.3 million, and lower year-over-year production volumes with General Motors and Mercedes; partially offset by higher volumes with BMW.

Overall tooling sales decreased by \$41.7 million (including outside segment sales eliminations) to \$60.6 million for the fourth quarter of 2025 from \$102.3 million for the fourth quarter of 2024.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
North America	\$ 3,678,359	\$ 3,789,821	(111,462)	(2.9%)
Europe	1,034,416	1,115,023	(80,607)	(7.2%)
Rest of the World	126,953	134,455	(7,502)	(5.6%)
Eliminations	(17,877)	(25,172)	7,295	29.0%
Total Sales	\$ 4,821,851	\$ 5,014,127	(192,276)	(3.8%)

The Company's consolidated sales for the year ended December 31, 2025 decreased by \$192.3 million or 3.8% to \$4,821.9 million as compared to \$5,014.1 million for the year ended December 31, 2024. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the year ended December 31, 2025 in the Company's North America operating segment decreased by \$111.5 million or 2.9% to \$3,678.4 million from \$3,789.8 million for the year ended December 31, 2024. The operations acquired from Lyseon, results for which were consolidated with those of the Company effective October 20, 2025, contributed \$14.2 million of year-over-year sales to the North America operating segment. Excluding the acquired operations, sales for the year ended December 31, 2025 in North America decreased by \$125.7 million or 3.3%. The decrease was due to programs that ended production during or subsequent to the corresponding period of 2024, specifically the Chevrolet Malibu, an aluminum engine block for Stellantis, and the Ford Edge; lower year-over-year OEM production volumes on certain light vehicle platforms, including the Ford Escape and Maverick, Mercedes' electric vehicle platform (EVA2), the Jeep Grand Cherokee and Wagoneer, Nissan Pathfinder and Rogue, and General Motors' large pick-up truck and SUV platforms; and a decrease in tooling sales of \$21.9 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including General Motors' electric vehicle platforms (BEV3/BET), the Toyota Tacoma, Ford Mustang Mach E, General Motors' Equinox/Terrain, a transmission for the ZF Group, and the Lucid Air; the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2025 of \$84.3 million; and the launch and ramp up of new programs, including Volvo's new electric vehicle platform (EX90), and General Motors' new electric vehicle platform (Chevrolet Bolt). Overall industry-wide OEM light vehicle production volumes during the year ended December 31, 2025 decreased in North America by approximately 1% year-over-year.

Sales for the year ended December 31, 2025 in the Company's Europe operating segment decreased by \$80.6 million or 7.2% to \$1,034.4 million from \$1,115.0 million for the year ended December 31, 2024. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including Jaguar Land Rover, aluminum engine blocks for Ford and Mercedes, and the Mercedes' electric vehicle platform (EVA2); a decrease in tooling sales of \$37.6 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and programs that ended production during or subsequent to the corresponding period of 2024, specifically the BMW Mini. These negative factors were partially offset by the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2025 of \$51.7 million; higher year-over-year OEM production volumes of certain platforms, including a transmission for the ZF Group, the Lucid Air, and the Stellantis' Fiat Mini platform; and the launch and ramp up of new programs, including Volkswagen's new electric vehicle platform (PPE), and a transmission for Audi. Overall industry-wide OEM light vehicle production volumes during the year ended December 31, 2025 decreased in Europe by approximately 1% year-over-year.

Sales for the year ended December 31, 2025 in the Company's Rest of the World operating segment decreased by \$7.5 million or 5.6% to \$127.0 million from \$134.5 million for the year ended December 31, 2024. The decrease was largely driven by lower year-over-year production volumes with Jaguar Land Rover and Mercedes, and a decrease in tooling sales of \$8.4 million; partially offset by higher year-over-year production volumes with General Motors and BMW.

Overall tooling sales decreased by \$65.9 million (including outside segment sales eliminations) to \$211.2 million for the year ended December 31, 2025 from \$277.1 million for the year ended December 31, 2024.

GROSS MARGIN

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Gross margin	\$ 140,955	\$ 129,040	11,915	9.2%
% of Sales	11.9 %	11.2 %		

The gross margin percentage for the fourth quarter of 2025 of 11.9% increased as a percentage of sales by 0.7% as compared to the gross margin percentage for the fourth quarter of 2024 of 11.2%. The increase in gross margin as a percentage of sales was generally due to:

- overall higher production sales and corresponding contribution;
- a decrease in tooling sales which typically earn lower margin for the Company;
- productivity and efficiency improvements at certain operating facilities and other improvements; and
- lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024.

These factors were partially offset by operational inefficiencies at certain other operating facilities.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
Gross margin	\$ 647,061	\$ 648,557	(1,496)	(0.2%)
% of Sales	13.4%	12.9%		

The gross margin percentage for the year ended December 31, 2025 of 13.4% increased as a percentage of sales by 0.5% as compared to the gross margin percentage for the year ended December 31, 2024 of 12.9%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities and other improvements;
- a decrease in tooling sales which typically earn lower margin for the Company; and
- lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024.

These factors were partially offset by:

- overall lower production sales volume and corresponding contribution; and
- operational inefficiencies at certain other operating facilities.

Overall market related inflationary pressures on labour, material and energy costs, along with offsetting commercial settlements, were generally stable year-over-year.

SELLING, GENERAL & ADMINISTRATIVE ("SG&A")

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Selling, general & administrative	\$ 72,467	\$ 74,445	(1,978)	(2.7%)
% of Sales	6.1 %	6.5 %		

SG&A expense for the fourth quarter of 2025 decreased by \$2.0 million to \$72.5 million as compared to SG&A expense for the fourth quarter of 2024 of \$74.4 million. The decrease in SG&A expense can largely be attributed to overall lower employee levels and related

costs as compared to the fourth quarter of 2024, and a decrease in outbound freight costs; partially offset by an increase in equity-based compensation expense related to deferred, restricted, and performance share units.

SG&A expense as a percentage of sales decreased to 6.1% for the fourth quarter of 2025 compared to 6.5% for the fourth quarter of 2024.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
Selling, general & administrative	\$ 320,416	\$ 321,577	(1,161)	(0.4%)
% of Sales	6.6%	6.4%		

SG&A expense for the year ended December 31, 2025 decreased by \$1.2 million to \$320.4 million as compared to SG&A expense for the year ended December 31, 2024 of \$321.6 million. The decrease in SG&A expense can largely be attributed to overall lower employee levels and related costs as compared to the corresponding period of 2024, decreases in travel costs, and outbound freight costs; partially offset by an increase in equity-based compensation expense related to deferred, restricted, and performance share units.

SG&A expense as a percentage of sales increased to 6.6% for the year ended December 31, 2025 compared to 6.4% for the year ended December 31, 2024 primarily as a result of lower year-over-year sales.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E"), RIGHT-OF-USE ASSETS AND AMORTIZATION OF INTANGIBLE ASSETS

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	\$ 73,964	\$ 84,361	(10,397)	(12.3%)
Depreciation of PP&E and right-of-use assets (non-production)	3,507	4,310	(803)	(18.6%)
Amortization of development costs	2,292	2,898	(606)	(20.9%)
Total depreciation and amortization	\$ 79,763	\$ 91,569	(11,806)	(12.9%)

Total depreciation and amortization expense for the fourth quarter of 2025 decreased by \$11.8 million to \$79.8 million as compared to \$91.6 million for the fourth quarter of 2024. The decrease in depreciation and amortization expense was due to impairment charges recorded during the fourth quarter of 2024, partially offset by additional depreciation on PP&E assets relating to new and replacement business that commenced during or subsequent to the fourth quarter of 2024.

A significant portion of the Company's recent investments relates to various new programs that commenced during or subsequent to the fourth quarter of 2024 and new and replacement programs scheduled to launch over the next two to three years in all of the Company's various product offerings.

Total depreciation and amortization expense as a percentage of sales decreased year-over-over to 6.7% for the fourth quarter of 2025 from 8.0% for the fourth quarter of 2024 due mainly to the reasons noted.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended		Year ended	
	December 31, 2025	December 31, 2024	\$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	\$ 289,709	\$ 318,939	(29,230)	(9.2%)
Depreciation of PP&E and right-of-use assets (non-production)	15,128	16,540	(1,412)	(8.5%)
Amortization of development costs	8,280	11,070	(2,790)	(25.2%)
Total depreciation and amortization	\$ 313,117	\$ 346,549	(33,432)	(9.6%)

Total depreciation and amortization expense for the year ended December 31, 2025 decreased by \$33.4 million to \$313.1 million as compared to \$346.5 million for the year ended December 31, 2024. The decrease in depreciation and amortization expense was due to impairment charges recorded during the fourth quarter of 2024, partially offset by additional depreciation on PP&E assets relating to new and replacement business that commenced during or subsequent to the year ended December 31, 2024.

Total depreciation and amortization expense as a percentage of sales decreased year-over-year to 6.5% for the year ended December 31, 2025 from 6.9% for the year ended December 31, 2024 due mainly to the reasons noted.

ADJUSTMENTS TO NET INCOME (LOSS)

Adjusted Net Income (Loss) excludes certain items as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income (Loss) as a measurement of operating performance of the Company and believes that, in conjunction with IFRS measures, it provides useful information about the financial performance and condition of the Company.

TABLE A

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended		Three months ended	
	December 31, 2025	December 31, 2024	\$ Change	
NET INCOME (LOSS)	\$ 15,658	\$ (133,332)	\$ 148,990	
Adjustments:				
Impairment of assets (1)	39,516	129,446	(89,930)	
Restructuring costs (2)	3,004	1,034	1,970	
ADJUSTMENTS, BEFORE TAX	\$ 42,520	\$ 130,480	\$ (87,960)	
Tax impact of adjustments	(9,855)	(14,226)	4,371	
Writedown of deferred tax asset (1)	-	1,482	(1,482)	
ADJUSTMENTS, AFTER TAX	\$ 32,665	\$ 117,736	\$ (85,071)	
ADJUSTED NET INCOME (LOSS)	\$ 48,323	\$ (15,596)	\$ 63,919	
Number of Shares Outstanding – Basic ('000)	72,489	73,446		
Adjusted Basic Net Earnings (Loss) Per Share	\$ 0.67	\$ (0.21)		
Number of Shares Outstanding – Diluted ('000)	72,490	73,446		
Adjusted Diluted Net Earnings (Loss) Per Share	\$ 0.67	\$ (0.21)		

TABLE B*Year ended December 31, 2025 to year ended December 31, 2024 comparison*

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change
NET INCOME (LOSS)	\$ 106,985	\$ (34,546)	\$ 141,531
Adjustments:			
Impairment of assets (1)	39,516	129,446	(89,930)
Restructuring costs (2)	36,118	12,644	23,474
ADJUSTMENTS, BEFORE TAX	\$ 75,634	\$ 142,090	\$ (66,456)
Tax impact of adjustments	(19,291)	(17,985)	(1,306)
Writedown of deferred tax asset (1)	-	1,482	(1,482)
ADJUSTMENTS, AFTER TAX	\$ 56,343	\$ 125,587	\$ (69,244)
ADJUSTED NET INCOME	\$ 163,328	\$ 91,041	\$ 72,287
Number of Shares Outstanding – Basic ('000)	72,713	75,501	
Adjusted Basic Net Earnings Per Share	\$ 2.25	\$ 1.21	
Number of Shares Outstanding – Diluted ('000)	72,713	75,561	
Adjusted Diluted Net Earnings Per Share	\$ 2.25	\$ 1.20	

(1) Impairment of assets

During the fourth quarter of 2025, the Company recorded impairment charges on property, plant and equipment of \$30.4 million, inventories of \$8.5 million, and development costs of \$0.6 million, totalling \$39.5 million. Of this amount, \$36.2 million relates to impairment charges resulting from the end of production of a certain OEM light vehicle platform which led to the decision to close a facility in the North America operating segment. The remaining amount of \$3.4 million relates to impairment charges on property, plant and equipment in the Europe operating segment where the carrying amount of the assets exceeded their estimated recoverable amounts.

During the fourth quarter of 2024, in conjunction with its annual business planning cycle, the Company recorded impairment charges on property, plant and equipment of \$102.1 million, right-of-use assets of \$6.6 million, intangible assets of \$1.3 million, and inventories of \$0.4 million, totaling \$110.4 million. Of this amount, \$65.3 million relates to Cash Generating Units ("CGUs") in the Europe operating segment, \$25.8 million relates to a CGU in the North America operating segment, and \$19.3 million relates to CGUs in Brazil, China and South Africa, included in the Rest of the World operating segment. As at December 31, 2024, the Company's CGUs were recorded at carrying values that did not exceed their recoverable amounts determined using an income approach to determine fair value less costs to sell. Discount rates used in the determination of the recoverable amounts of these CGUs ranged between 9.3% to 13.5%.

The Company also separately identified specific assets for which no further use was identified, and recorded impairment charges on property, plant and equipment of \$14.9 million, intangible assets of \$3.0 million relating to development costs, and inventories of \$1.1 million, totaling \$19.0 million. Of this amount, \$9.8 million were in the North America operating segment, and \$9.2 million were in the Rest of the World operating segment.

The impairment charges resulted from lower than expected production volumes on certain OEM light vehicle platforms, largely electric vehicles due to the significantly lower than expected adoption rate of such vehicles in the marketplace, and the cancellation of certain OEM light vehicle platforms before the end of their expected life cycles. In conjunction with this and as a result of lower production volumes, the Company has decided to close an operating facility in the Rest of the World during 2025. A lack of future income stream contributed to a writedown of deferred tax assets of \$1.5 million.

The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. Reasonably possible changes in key assumptions could result in material changes to the carrying amounts of the CGUs.

(2) Restructuring costs

Additions to the restructuring provision for the year ended December 31, 2025 totalled \$36.1 million, of which \$3.0 million was recognized during the fourth quarter of 2025, and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico, Canada, and the United States, and the closure of an operating facility in the North America operating segment, resulting from the end of production of a certain OEM light vehicle platform.

Additions to the restructuring provision for the year ended December 31, 2024 totalled \$12.6 million, of which \$1.0 million was recognized during the fourth quarter of 2024, and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico, Canada, and the United States.

NET INCOME (LOSS)

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Net Income (Loss)	\$ 15,658	\$ (133,332)	148,990	111.7%
Adjusted Net Income (Loss)*	48,323	(15,596)	63,919	409.8%
Net Earnings (Loss) per Share				
Basic and Diluted	\$ 0.22	\$ (1.82)		
Adjusted Net Earnings (Loss) per Share*				
Basic and Diluted	\$ 0.67	\$ (0.21)		

Net Income (Loss), before adjustments, for the fourth quarter of 2025 increased by \$149.0 million to a Net Income of \$15.7 million or \$0.22 per share, on a basic and diluted basis, from a Net Loss of \$133.3 million or (\$1.82) per share, on a basic and diluted basis, for the fourth quarter of 2024. Excluding the adjustments explained in Table A under "Adjustments to Net Income (Loss)", Adjusted Net Income (Loss) for the fourth quarter of 2025 increased by \$63.9 million to Adjusted Net Income of \$48.3 million or \$0.67 per share, on a basic and diluted basis, from an Adjusted Net Loss of (\$15.6) million or (\$0.21) per share, on a basic and diluted basis, for the fourth quarter of 2024.

Adjusted Net Income for the fourth quarter of 2025, as compared to the fourth quarter of 2024, was positively impacted by the following:

- a higher gross margin as previously explained;
- a \$2.7 million year-over-year decrease in finance expense as a result of decreased debt levels and lower borrowing rates on the Company's revolving bank debt;
- a year-over-year decrease in SG&A expense, as previously explained; and
- a lower effective tax rate ((20.4)% for the fourth quarter of 2025 compared to 175.8% for the fourth quarter of 2024), which was driven primarily by the magnitude and pace of the appreciation of the Mexican Peso against the U.S. dollar, as explained below.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
Net Income (Loss)	\$ 106,985	\$ (34,546)	141,531	409.7%
Adjusted Net Income*	163,328	91,041	72,287	79.4%
Net Earnings (Loss) per Share				
Basic and Diluted	\$ 1.47	\$ (0.46)		
Adjusted Net Earnings per Share*				
Basic	\$ 2.25	\$ 1.21		
Diluted	\$ 2.25	\$ 1.20		

Net Income (Loss), before adjustments, for the year ended December 31, 2025 increased by \$141.5 million to a Net Income of \$107.0 million or \$1.47 per share, on a basic and diluted basis, from a Net Loss of \$34.5 million or (\$0.46) per share, on a basic and diluted basis, for the year ended December 31, 2024. Excluding the adjustments explained in Table B under "Adjustments to Net Income (Loss)", Adjusted Net Income for the year ended December 31, 2025 increased by \$72.3 million to \$163.3 million or \$2.25 per share on a basic and diluted basis, from \$91.0 million or \$1.21 per share on a basic basis, and \$1.20 on a diluted basis, for the year ended December 31, 2024.

Adjusted Net Income for the year ended December 31, 2025, as compared to the year ended December 31, 2024, was positively impacted by the following:

- an \$11.8 million year-over-year decrease in finance expense as a result of decreased debt levels and lower borrowing rates on the Company's revolving bank debt; and
- a lower effective tax rate (17.3% for the year ended December 31, 2025 compared to 53.2% for the year ended December 31, 2024).

These factors were partially offset by the following:

- a net foreign exchange loss of \$3.1 million for the year ended December 31, 2025 compared to a gain of \$5.9 million for the year ended December 31, 2024; and
- lower gross margin from lower year-over-year sales volume.

*Adjusted Net Income and Adjusted Net Earnings per Share for the three months and year ended December 31, 2025 were positively impacted by an unusually low effective tax rate. This was driven primarily by the magnitude and pace of the appreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the year ended December 31, 2025 was 17.3%. Excluding these foreign exchange items, the effective tax rate for the year would have been 32.6%. Using this normalized tax rate of 32.6%, Adjusted Net Earnings per Share would have been \$0.37 for the three months ended December 31, 2025, and \$1.83 for the year ended December 31, 2025.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Additions to PP&E	\$ 78,641	\$ 118,964	(40,323)	(33.9%)

Additions to PP&E decreased by \$40.3 million to \$78.6 million or 6.6% of sales for the fourth quarter of 2025 as compared to \$119.0 million or 10.3% of sales in the fourth quarter of 2024.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
Additions to PP&E	\$ 218,175	\$ 291,559	(73,384)	(25.2%)

Additions to PP&E decreased by \$73.4 million to \$218.2 million or 4.5% of sales for the year ended December 31, 2025 compared to \$291.6 million or 5.8% of sales for the year ended December 31, 2024.

General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the years ended December 31, 2025 and 2024 include new program capital and incremental investments required in equipment related to customer-

driven engineering changes on new program launches. The Company continues to make investments in the business including in various sales and margin growth projects and in new and replacement business in all its various product offerings, while continuing to apply a measured and prudent approach to capital investment.

SEGMENT ANALYSIS

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by the Company's chief operating decision maker, which is the Chief Executive Officer. Given the differences between the regions in which the Company operates, Martinrea's operations are segmented and aggregated on a geographic basis among North America, Europe and the Rest of the World. The Company measures segment operating performance based on operating income (loss).

Three months ended December 31, 2025 to three months ended December 31, 2024 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended December 31, 2025	Three months ended December 31, 2024	Three months ended December 31, 2025	Three months ended December 31, 2024
North America	\$ 900,483	\$ 881,043	\$ 62,257	\$ 51,228
Europe	262,859	243,554	(3,634)	(8,848)
Rest of the World	26,520	31,855	(3,557)	(2,311)
Eliminations	(2,578)	(5,524)	-	-
Adjusted Operating Income			\$ 55,066	\$ 40,069
Adjustments*	-	-	(42,520)	(130,480)
Total	\$ 1,187,284	\$ 1,150,928	\$ 12,546	\$ (90,411)

*Operating Income (Loss) for the operating segments has been adjusted for certain items as explained in Table A under "Adjustments to Net Income (Loss)". Of the \$42.5 million adjustment for the fourth quarter of 2025, \$39.8 million was recognized in North America, and \$2.7 million in Europe. Of the \$130.5 million adjustment for the fourth quarter of 2024, \$66.3 million was recognized in Europe, \$35.7 million in North America, and \$28.5 million in the Rest of the World.

North America

Adjusted Operating Income in North America increased by \$11.0 million to \$62.3 million or 6.9% of sales for the fourth quarter of 2025 from \$51.2 million or 5.8% of sales for the fourth quarter of 2024. The increase in Adjusted Operating Income as a percentage of sales was generally due to overall higher production sales volume and corresponding contribution; a decrease in tooling sales which typically earn lower margin for the Company; productivity and efficiency improvements at certain operating facilities and other improvements; higher year-over-year favourable commercial settlements; and lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024. These positive factors were partially offset by operational inefficiencies at certain other operating facilities.

Europe

Adjusted Operating Loss in Europe decreased by \$5.2 million to \$3.6 million or (1.4%) of sales for the fourth quarter of 2025 from \$8.8 million or (3.6%) of sales for the fourth quarter of 2024. The decrease in Adjusted Operating Loss was generally due to incremental contribution from higher year-over-year production sales; improvements at certain operating facilities and other improvements; and lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024; partially offset by an increase in tooling sales, and operational inefficiencies at certain other operating facilities.

Rest of the World

Adjusted Operating Loss in the Rest of the World increased by \$1.2 million to \$3.6 million or (13.4%) of sales for the fourth quarter of 2025 from \$2.3 million or (7.3%) for the fourth quarter of 2024 due to lower year-over-year commercial settlements.

Year ended December 31, 2025 to year ended December 31, 2024 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2025	Year ended December 31, 2024
North America	\$ 3,678,359	\$ 3,789,821	\$ 269,769	\$ 252,804
Europe	1,034,416	1,115,023	(3,374)	16,759
Rest of the World	126,953	134,455	1,713	(2,865)
Eliminations	(17,877)	(25,172)	-	-
Adjusted Operating Income			\$ 268,108	\$ 266,698
Adjustments*	-	-	(75,634)	(142,090)
Total	\$ 4,821,851	\$ 5,014,127	\$ 192,474	\$ 124,608

*Operating Income (Loss) for the operating segments has been adjusted for certain items as explained in Table B under "Adjustments to Net Income (Loss)". Of the \$75.6 million adjustment for the year ended December 31, 2025, \$47.8 million was recognized in North America and \$27.8 million in Europe. Of the \$142.1 million adjustment for the year ended December 31, 2024, \$71.3 million was recognized in Europe, \$42.3 million in North America, and \$28.5 million in the Rest of the World.

North America

Adjusted Operating Income in North America increased by \$17.0 million to \$269.8 million or 7.3% of sales for the year ended December 31, 2025 from \$252.8 million or 6.7% of sales for the year ended December 31, 2024. The increase in Adjusted Operating Income as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities and other improvements; a decrease in tooling sales which typically earn lower margin for the Company; higher year-over-year favourable commercial settlements; and lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024. These positive factors were partially offset by the negative impact on margins from lower year-over-year production sales; and operational inefficiencies at certain other operating facilities.

Europe

Adjusted Operating Income (Loss) in Europe decreased by \$20.1 million to a loss of \$3.4 million (0.3%) for the year ended December 31, 2025 from an income of \$16.8 million or 1.5% of sales for the year ended December 31, 2024, due to the negative impact on margins from lower year-over-year production sales, contribution from certain tooling sales which positively impacted prior year operating income, and lower favourable commercial settlements; partially offset by lower year-over-year depreciation expense due to impairment charges recorded during the fourth quarter of 2024.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World increased by \$4.6 million to an income of \$1.7 million or 1.3% of sales for the year ended December 31, 2025 from a loss of \$2.9 million or (2.1%) of sales for the year ended December 31, 2024, due mainly to costs related to the ramp-up of new business with BMW which negatively impacted prior year operating income.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$1,187,284	\$1,190,801	\$1,275,535	\$1,168,231	\$1,150,928	\$1,237,493	\$1,301,793	\$1,323,913
Gross Margin	140,955	169,972	184,535	151,599	129,040	163,350	183,630	172,537
Operating Income (Loss)	12,546	62,485	72,338	45,105	(90,411)	65,879	76,208	72,932
Adjusted Operating Income	55,066	64,996	86,104	61,942	40,069	65,879	81,563	79,187
Net Income (Loss) for the period	15,658	35,762	38,091	17,474	(133,332)	14,157	40,979	43,650
Adjusted Net Income (Loss)	48,323	37,730	47,755	29,520	(15,596)	14,157	44,383	48,097
Basic and Diluted Net Earnings (Loss) per Share	0.22	0.49	0.52	0.24	(1.82)	0.19	0.54	0.56
Adjusted Basic and Diluted Net Earnings (Loss) per Share	0.67	0.52	0.66	0.41	(0.21)	0.19	0.58	0.62

LIQUIDITY AND CAPITAL RESOURCES

On February 27, 2026, subsequent to the year end, the Company's banking facility was amended to extend its maturity and enhance certain provisions of the facility. The primary terms of the amended banking facility, with now a syndicate of twelve banks (up from ten), include the following:

- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- available non-amortizing term loan of \$200 million (down from \$250 million) at variable interest rates;
- available revolving credit lines of \$400 million (up from \$350 million) and US \$520 million (similar to the previous facility);
- available asset based financing capacity of \$300 million, similar to the previous facility;
- accordion feature which provides the Company with the ability to increase the revolving credit facility by up to US \$400 million, up from US \$300 million;
- pricing terms at market rates, similar to the previous facility;
- a maturity date extended to February 2030 (from February 2027); and
- no mandatory principal repayment provisions for the revolving credit lines, including the new non-amortizing term loan, similar to the previous facility.

On March 27, 2024, Martinrea entered into an accounts receivable program agreement to sell up to \$100 million in trade receivables without recourse and on an uncommitted basis, subject to predetermined limits for certain customers. Under the agreement, the receivables are sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. As at December 31, 2025, \$33.6 million (US \$24.5 million) (December 31, 2024 - \$33.0 million or US \$22.9 million) of receivables were sold under the program, of which \$9.4 million (US \$6.9 million) (December 31, 2024 - \$9.2 million or US \$6.4 million) was held back from the sale proceeds, to be settled when the funds are received from the customers, in accordance with the provisions of the program, with the net proceeds being used primarily to support the Company's supply base.

As at December 31, 2025, the Company had drawn US \$256 million (December 31, 2024 - US \$386 million) on the U.S. revolving credit line, \$210 million (December 31, 2024 - \$160 million) on the Canadian revolving credit line, and \$250 million (December 31, 2024 - \$250 million) on the Canadian non-amortizing term loan. As at December 31, 2025, the Company had total liquidity of \$668 million, including cash and cash equivalents and availability under the Company's banking facility. In addition, the Company's credit facility includes a \$300 million allowance for asset based financing that the Company can use for additional financing, of which approximately \$240 million was available as at December 31, 2025. At December 31, 2025, the weighted average effective interest rate of the banking

facility was 4.9% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at December 31, 2025.

On March 4, 2025, the Company finalized a five-year equipment loan in the amount of \$35.0 million, repayable in monthly installments commencing in 2025 at a fixed annual interest rate of 4.79%.

On May 8, 2025, the Company finalized an eleven-year equipment loan with total borrowing capacity of €0.9 million (\$1.4 million), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 2.41%.

On September 10, 2025, the Company finalized a five-year equipment loan in the amount of US \$17.2 million (\$23.9 million), repayable in quarterly installments commencing in 2025 at a fixed annual interest rate of 4.61%.

On May 23, 2024, the Company finalized an eleven-year equipment loan with total borrowing capacity of €1.1 million (\$1.6 million), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 3.72%.

The principal sources of liquidity available for the Company's future cash requirements are expected to be cash flow from operations, cash and cash equivalents, borrowings from its revolving credit lines, and asset based financing. Management believes that the Company's overall liquidity and operating cash flow will be sufficient to meet the Company's anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments. The Company's ability to fund its anticipated cash requirements, and to comply with financial covenants under the Company's banking facility, depend on the Company's future operating performance and cash flows and many factors outside of its control, including the cost of material, energy and other input costs, the state of the overall automotive industry and financial and economic conditions, including the impact of supply chain disruptions, and other factors.

Debt leverage ratios:

Excluding the impact of IFRS 16:	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Long-term debt	\$ 868,809	\$ 911,056	\$ 952,381	\$ 1,013,485	\$ 981,414
Less: Cash and cash equivalents	(174,144)	(142,987)	(160,030)	(148,548)	(167,951)
Net Debt	\$ 694,665	\$ 768,069	\$ 792,351	\$ 864,937	\$ 813,463
Trailing 12-month Adjusted EBITDA	\$ 515,055	\$ 512,106	\$ 526,652	\$ 527,971	\$ 551,503
Net Debt to Adjusted EBITDA ratio	1.35x	1.50x	1.50x	1.64x	1.47x

Including the impact of IFRS 16:	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Long-term debt	\$ 868,809	\$ 911,056	\$ 952,381	\$ 1,013,485	\$ 981,414
Lease liabilities	251,156	241,624	225,382	241,920	243,411
	1,119,965	1,152,680	1,177,763	1,255,405	1,224,825
Less: Cash and cash equivalents	(174,144)	(142,987)	(160,030)	(148,548)	(167,951)
Net Debt	\$ 945,821	\$ 1,009,693	\$ 1,017,733	\$ 1,106,857	\$ 1,056,874
Trailing 12-month Adjusted EBITDA	\$ 582,744	\$ 578,367	\$ 592,096	\$ 592,849	\$ 614,758
Net Debt to Adjusted EBITDA ratio	1.62x	1.75x	1.72x	1.87x	1.72x

The following table provides a reconciliation of Trailing 12-month Adjusted EBITDA including the impact of IFRS 16 to Trailing 12-month Adjusted EBITDA excluding the impact of IFRS 16.

	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	\$ 582,744	\$ 578,367	\$ 592,096	\$ 592,849	\$ 614,758
Principal payments of lease liabilities	(56,889)	(55,665)	(54,706)	(54,105)	(52,330)
Interest on lease liabilities	(10,800)	(10,596)	(10,738)	(10,773)	(10,925)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	\$ 515,055	\$ 512,106	\$ 526,652	\$ 527,971	\$ 551,503

The Company's Net Debt (excluding the impact of IFRS 16) decreased by \$73.4 million during the fourth quarter of 2025 to \$694.7 million from \$768.1 million at the end of the third quarter of 2025 due largely to positive Free Cash Flow (after IFRS 16 lease payments) generated during the quarter, and foreign exchange translation; partially offset by cash restructuring costs of \$8.9 million, and \$3.6 million in dividends paid during the quarter. The Company's Net Debt to Adjusted EBITDA ratio (excluding the impact of IFRS 16) decreased to 1.35x from 1.50x at the end of the third quarter of 2025, due largely to the quarter-over-quarter decrease in net debt.

The Company was in compliance with its debt covenants as at December 31, 2025. The Company's debt covenants are based on leverage ratios excluding the impact of IFRS 16.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors (the "Board") approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends were \$0.12 per share, paid in four quarterly payments of \$0.03 per share. The first quarterly dividend payment of \$0.03 per share was paid on July 11, 2013; with successive quarterly dividends paid thereafter.

In 2018, in view of the Company's financial performance, and its future outlook and cash needs at the time, the Board decided to increase the annual dividends by 50% to \$0.18 per share, to be paid in four quarterly payments of \$0.045 per share, commencing with the release of the first quarter results of 2018. The first such increased dividend was paid on July 15, 2018.

On March 5, 2020, in view of the Company's financial performance, and its future outlook and cash needs at that time, the Board decided to increase the annual dividends by another 11% to \$0.20 per share, to be paid in four quarterly payments of \$0.05 per share commencing at the beginning of 2020. The first such increased quarterly dividend was paid on April 14, 2020, and continues to this date. The Company maintained its dividend throughout the COVID-19 pandemic, semiconductor chip shortage, and other supply chain disruptions. The Board will assess future dividend payment levels from time to time, in light of market conditions, the current supply chain situation, the Company's financial performance and anticipated needs at that time.

Cash flow

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	\$ 134,251	\$ 124,358	9,893	8.0%
Change in non-cash working capital items	57,221	66,316	(9,095)	(13.7%)
	191,472	190,674	798	0.4%
Interest paid	(16,274)	(20,596)	4,322	21.0%
Income taxes paid	(13,156)	(16,070)	2,914	18.1%
	162,042	154,008	8,034	5.2%
Cash provided by operating activities				
Cash used in financing activities	(61,432)	(80,918)	19,486	24.1%
Cash used in investing activities	(72,087)	(86,395)	14,308	16.6%
Effect of foreign exchange rate changes on cash and cash equivalents	2,634	3,989	(1,355)	(34.0%)
Increase (decrease) in cash and cash equivalents	\$ 31,157	\$ (9,316)	40,473	434.4%

Cash provided by operating activities during the fourth quarter of 2025 was \$162.0 million, compared to \$154.0 million in the corresponding period of 2024. The components for the fourth quarter of 2025 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of \$134.3 million;
- working capital items source of cash \$57.2 million comprised of a decrease in trade and other receivables of \$162.5 million, a decrease in inventories of \$32.8 million, and a decrease in prepaid expenses and deposits of \$3.7 million; partially offset by a decrease in trade, other payables and provisions of \$141.8 million;
- interest paid of \$16.3 million; and
- income taxes paid of \$13.2 million.

Cash used in financing activities during the fourth quarter of 2025 was \$61.4 million, compared to \$80.9 million in the corresponding period of 2024. The components for the fourth quarter of 2025 primarily include the following:

- a \$35.1 million net decrease in long-term debt;
- principal payments of lease liabilities of \$14.7 million;
- repurchase of common shares under the normal course issuer bid (as described in note 16 of the consolidated financial statements) of \$8.0 million; and
- \$3.6 million in dividends paid.

Cash used in investing activities during the fourth quarter of 2025 was \$72.1 million, compared to \$86.4 million in the corresponding period of 2024. The components for the fourth quarter of 2025 primarily include the following:

- cash additions to PP&E of \$60.2 million;
- additional investments of \$8.3 million;
- capitalized development costs relating to upcoming new program launches of \$1.8 million; and
- net cash consideration paid for the net assets acquired from Lyseon of \$1.8 million.

Taking into account the opening cash balance of \$143.0 million at the beginning of the fourth quarter of 2025, and the activities described above, the cash and cash equivalents balance at December 31, 2025 was \$174.1 million.

	Year ended December 31, 2025	Year ended December 31, 2024	\$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	\$ 555,948	\$ 609,506	(53,558)	(8.8%)
Change in non-cash working capital items	21,149	(23,716)	44,865	189.2%
	577,097	585,790	(8,693)	(1.5%)
Interest paid	(70,442)	(85,902)	15,460	18.0%
Income taxes paid	(76,170)	(66,603)	(9,567)	(14.4%)
Cash provided by operating activities	430,485	433,285	(2,800)	(0.6%)
Cash used in financing activities	(165,477)	(167,434)	1,957	1.2%
Cash used in investing activities	(257,346)	(285,496)	28,150	9.9%
Effect of foreign exchange rate changes on cash and cash equivalents	(1,469)	792	(2,261)	(285.5%)
Increase (decrease) in cash and cash equivalents	\$ 6,193	\$ (18,853)	25,046	132.8%

Cash provided by operating activities during the year ended December 31, 2025 was \$430.5 million, compared to \$433.3 million in the corresponding period of 2024. The components for the year ended December 31, 2025 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of \$555.9 million;
- working capital items source of cash of \$21.1 million comprised of a decrease in inventories of \$21.3 million, and a decrease in trade and other receivables of \$14.4 million; partially offset by an increase in prepaid expenses and deposits of \$7.5 million, and a decrease in trade, other payables and provisions of \$7.1 million;
- income taxes paid of \$76.2 million; and
- interest paid of \$70.4 million.

Cash used in financing activities during the year ended December 31, 2025 was \$165.5 million, compared to \$167.4 million in the corresponding period of 2024. The components for the year ended December 31, 2025 primarily include the following:

- a \$86.0 million net decrease in long-term debt;
- principal payments of lease liabilities of \$56.9 million;
- \$14.6 million in dividends paid; and
- repurchase of common shares under the normal course issuer bid (as described in note 16 of the consolidated financial statements) of \$8.0 million.

Cash used in investing activities during the year ended December 31, 2025 was \$257.3 million, compared to \$285.5 million in the corresponding period of 2024. The components for the year ended December 31, 2025 primarily include the following:

- cash additions to PP&E of \$237.7 million;
- additional investments of \$9.6 million;
- capitalized development costs relating to upcoming new program launches of \$9.2 million; and
- net cash consideration paid for the net assets acquired from Lyseon of \$1.8 million.

Taking into account the opening cash balance of \$168.0 million at the beginning of 2025, and the activities described above, the cash and cash equivalents balance at December 31, 2025 was \$174.1 million.

Free Cash Flow

	Three months ended December 31, 2025	Three months ended December 31, 2024	\$ Change
Adjusted EBITDA	\$ 136,037	\$ 131,660	4,377
Add (deduct):			
Change in non-cash working capital items	57,221	66,316	(9,095)
Remove impact of restructuring provision	6,182	1,526	4,656
Purchase of property, plant and equipment (excluding capitalized interest)	(60,237)	(83,840)	23,603
Cash proceeds on disposal of property, plant and equipment	30	72	(42)
Capitalized development costs	(1,833)	(2,627)	794
Interest paid	(16,274)	(20,596)	4,322
Income taxes paid	(13,156)	(16,070)	2,914
Free Cash Flow	107,970	76,441	31,529
Principal payments of IFRS 16 lease liabilities	(14,702)	(13,478)	(1,224)
Free Cash Flow (after IFRS 16 lease payments)	\$ 93,268	\$ 62,963	30,305

Free cash flow for the fourth quarter of 2025 increased year-over-year due largely to a decrease in cash purchases of property, plant and equipment, higher Adjusted EBITDA, lower interest paid on long-term debt, and lower income taxes paid; partially offset by a decrease in cash provided by non-cash working capital, net of the change in the restructuring provision which is included in working capital.

Tooling-related working capital accounts, including inventory, trade and other receivables, and trade and other payables on a net basis, amounted to (\$21.5) million as at December 31, 2025, a decrease from (\$7.9) million as at September 30, 2025 and an increase from (\$37.2) million as at December 31, 2024.

Reconciliation of IFRS "Cash provided by operating activities" to Non-IFRS "Free Cash Flow", and "Free Cash Flow (after IFRS 16 lease payments)" for the three months ended December 31, 2025 and 2024:

	Three months ended December 31, 2025	Three months ended December 31, 2024
Cash provided by operating activities	\$ 162,042	\$ 154,008
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(60,237)	(83,840)
Cash proceeds on disposal of property, plant and equipment	30	72
Capitalized development costs	(1,833)	(2,627)
Restructuring costs	3,004	1,034
Remove impact of restructuring provision	6,182	1,526
Unrealized gain on foreign exchange contracts	647	1,373
Deferred and restricted share units benefit (expense)	(797)	1,894
Stock options expense	(177)	(102)
Pension and other post-employment benefits expense	(648)	(201)
Contributions made to pension and other post-retirement benefits	600	2,077
Net unrealized foreign exchange loss (gain) and other expense (income)	(843)	1,227
Free Cash Flow	107,970	76,441
Principal payments of IFRS 16 lease liabilities	(14,702)	(13,478)
Free Cash Flow (after IFRS 16 lease payments)	\$ 93,268	\$ 62,963

	Year ended December 31, 2025		Year ended December 31, 2024		\$ Change
Adjusted EBITDA	\$	582,744	\$	614,758	(32,014)
Add (deduct):					
Change in non-cash working capital items		21,149		(23,716)	44,865
Remove impact of restructuring provision		(12,224)		22,629	(34,853)
Purchase of property, plant and equipment (excluding capitalized interest)		(237,713)		(275,521)	37,808
Cash proceeds on disposal of property, plant and equipment		869		5,383	(4,514)
Capitalized development costs		(9,184)		(7,228)	(1,956)
Interest paid		(70,442)		(85,902)	15,460
Income taxes paid		(76,170)		(66,603)	(9,567)
Free Cash Flow		199,029		183,800	15,229
Principal payments of IFRS 16 lease liabilities		(56,889)		(52,330)	(4,559)
Free Cash Flow (after IFRS 16 lease payments)	\$	142,140	\$	131,470	10,670

Free cash flow for the year ended December 31, 2025 increased year-over-year due largely to a decrease in cash purchases of property, plant and equipment, lower interest paid on long-term debt, and a decrease in non-cash working capital, net of the change in the restructuring provision which is included in working capital; partially offset by lower Adjusted EBITDA, higher income taxes paid, and lower cash proceeds on disposal of property, plant and equipment;

Reconciliation of IFRS "Cash provided by operating activities" to Non-IFRS "Free Cash Flow", and "Free Cash Flow (after IFRS 16 lease payments)" for the year ended December 31, 2025 and 2024:

	Year ended December 31, 2025		Year ended December 31, 2024	
Cash provided by operating activities	\$	430,485	\$	433,285
Add (deduct):				
Purchase of property, plant and equipment (excluding capitalized interest)		(237,713)		(275,521)
Cash proceeds on disposal of property, plant and equipment		869		5,383
Capitalized development costs		(9,184)		(7,228)
Restructuring costs		36,118		12,644
Remove impact of restructuring provision		(12,224)		22,629
Unrealized gain on foreign exchange contracts		839		2,286
Deferred and restricted share units expense		(12,908)		(4,367)
Stock options expense		(708)		(229)
Pension and other post-employment benefits expense		(2,475)		(1,903)
Contributions made to pension and other post-retirement benefits		2,552		3,734
Net unrealized foreign exchange loss (gain) and other expense (income)		3,378		(6,913)
Free Cash Flow		199,029		183,800
Principal payments of IFRS 16 lease liabilities		(56,889)		(52,330)
Free Cash Flow (after IFRS 16 lease payments)	\$	142,140	\$	131,470

RISKS AND UNCERTAINTIES AND TRENDS

Martinrea competes primarily in the light vehicle segment of the global auto parts industry with a principal focus on North America (Canada, the United States and Mexico), and also has operations in Europe, South America and Asia. Martinrea operates in a business which is impacted by various economic, industry, technological and other trends. The automotive industry remains one of North America's and the world's largest and most competitive industries, and has faced many challenges (for example, the automotive recession of 2008 and 2009, the COVID-19 Pandemic and the global semi-conductor shortage), and continues to face similar and different challenges, including inflation, supply chain disruptions, labour shortages and other difficulties, such as trade and tariff issues and the potential shift to EVs. The global automotive industry is a complex and increasingly high-tech industry, sensitive to a broad range of macro-economic and political factors. A number of important developments and trends have impacted the automotive sector in the recent past and are expected to continue into the future.

The automotive industry is and remains one of the largest and most competitive industries in the world. Several trends affecting the automotive industry substantially affect the business environment for independent suppliers like Martinrea, including: (i) the focus on electrification, including uncertainty regarding the pace of electric vehicle (“EV”) adoption and the extended relevance of hybrid and internal combustion engine (“ICE”) platforms; fuel efficiency and emission reduction leading to trends in lightweighting; (ii) the increasing impact of, and uncertainty created by, environmental and other government regulation; (iii) the impact of, and uncertainty created by, trade policies or trade wars, including tariffs or threatened tariffs between the United States and Canada and Mexico, evolving trade relationships with China, the upcoming mandatory review of the United States-Mexico-Canada Agreement in 2026, and geopolitical issues resulting in, or that may result in, a trend to nearshoring or that may substantially impact the pricing and affordability of products and services and trade agreements; (iv) ongoing pressure on suppliers to reduce prices which can translate into increased risk exposure for suppliers; (v) the outsourcing of components, assemblies and complete systems from OEMs to sophisticated, independent suppliers; (vi) the expansion of foreign-owned OEMs in North America and their increased emphasis on North American-sourced content; (vii) the impact on the supply chain of issues, like energy shortages, global conflict, trade issues, talent shortages and inflation; (viii) shift in demand from passenger car to light truck (including SUV/CUV); (ix) the role of autonomous vehicles, connectivity and shared mobility; (x) the continually increasing participation by suppliers in the design and engineering of automotive components and complete vehicle subsystems at an early stage of the design process; (xi) the continuing consolidation of the OEMs’ supplier base; (xii) platform consolidation; (xiii) the growth of automotive production in emerging markets along with an emphasis on global platforms; (xiv) the continued focus on a company’s sustainability policies, including governance, environmental (such as climate change and green energy adoption) and social (such as diversity and human rights) policies; (xv) the importance of production volumes; (xvi) global conflict or war in different regions; (xvii) the increasing adoption of artificial intelligence, machine learning, and advanced automation in manufacturing operations; (xviii) the increasing focus on supply chain resilience, diversification, and regionalization of production in response to recent disruptions; and (xix) inflationary pressures. In addition to increased supplier dependency, OEMs have come under substantial regulatory and competitive pressure to simultaneously improve vehicle safety and reduce vehicle weight. Substantive weight reduction is expected to ensue as OEMs continue to identify and develop uses for higher strength-to-weight materials and improved manufacturing processes, as well as an increased emphasis on lighter weight materials such as aluminum and higher strength steels in response to the aforementioned pressures. Many of these trends have created opportunities for the Company and the industry. However, there is also uncertainty on how a change in some of the trends may impact the automotive industry, such as a loosening of environmentally focused regulation.

Some of these trends are discussed in the AIF and in the “Risk Factors” in the AIF and below. The following risk factors, as well as the other information contained in this MD&A, the AIF (of which the section entitled “Automotive Industry Highlights and Trends” contained in the AIF is incorporated by reference herein), or otherwise incorporated herein by reference, should be considered carefully. These trends and 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 relating to the Company.

The Company’s success is primarily dependent upon the levels of car and light truck production by its customers and the relative amount of content the Company has on their various vehicle programs. OEM production volumes may be impacted by many factors including supply chain disruption, general economic and political conditions, interest rates, credit availability, energy and fuel prices, international conflicts, labour relations issues, regulatory requirements, trade agreements and tariffs, infrastructure considerations, legislative changes, and environmental emissions standards and safety issues.

North American and Global Economic and Political Conditions (including war) and Consumer Confidence

The automotive industry is global, and is generally viewed as highly cyclical, and is sensitive to changes in economic and political conditions, including interest rates, inflation, foreign exchange, fuel prices, employment, real estate values, trade issues (including trade wars), tariffs real or threatened, international or domestic conflicts or wars or political crises, government regulation, terrorist activities, developments in global markets, supply chain issues, and epidemics or pandemics, for example, the Covid-19 Pandemic, and other factors.

The Company operates in the midst of a volatile industry, which in the past has experienced a significant recession, particularly severe in North America and Europe. Current conditions (including those that arose in whole or in part as a result of the COVID-19 Pandemic or any variants, political and civil unrest or wars, inflation, supply chain issues, the global semi-conductor shortage, geo-politics, tariff and trade issues, governmental regulation, electrification, and labour issues) continue or may continue to cause economic uncertainty

about the future in different regions. It is uncertain what the Company's prospects will be in the future. While the Company believes it has sufficient liquidity and a strong balance sheet to deal with present economic conditions, lower sales and production volumes in certain areas may occur. It is unknown at this stage what the impact will be of the economic issues, supply chain issues, inflation and global trade or political issues on the automotive industry, including resulting from any changes to trade agreements, tariffs or trade disputes or pandemic or war or threatened or anticipated war or terrorist activities or technology shifts such as electrification or AI (see "Trade Policies and Resulting Impact" above under "Automotive Industry General" and "Trade Restrictions or Disputes" and "Changes in Law and Governmental Regulation" and "Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks" and "Financial Viability of Suppliers and Key Suppliers" and "Supply Disruptions (Material Availability or Disruption)" and "Fluctuations in Operating Results" in the AIF as well as other "Risk Factors").

The above factors, or a worsening of any of the above factors, new factors and/or other factors may result in lower consumer confidence. Consumer confidence or higher prices for vehicles has a significant impact on consumer demand for vehicles, which in turn impacts vehicle production and vehicle sales. A significant decline in vehicle production volumes from current levels could have a material adverse effect on profitability and the Company's financial condition. An economic downturn or other adverse industry conditions that result in even a relatively modest decline in vehicle production levels could reduce the Company's sales and thereby have an adverse impact on the Company's financial condition, results of operations and cash flows. The automotive industry is subject to rapid technological change, vigorous competition, short product life cycles and cyclical consumer demand patterns. When the Company's customers are adversely affected by these factors, the Company may be similarly affected to the extent that the Company's customers reduce the volume of orders for and sales of the Company's products.

Automotive Industry Risks

The automotive industry is generally viewed as highly cyclical. It is dependent on, among other factors, consumer spending and general economic conditions in North America and elsewhere. There can be no assurance that North American or European automotive production overall or on specific platforms will not decline in the future or that the Company will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of new automobiles overall or by customer or by customer platform may have a material adverse effect on the Company's financial condition and results of operations and ability to meet existing financial covenants. It is unknown at this stage what impact any of the recent (or future) supply chain challenges, inflation, conflict or war, labour shortages or global trade issues, technology or electrification will have on the automotive industry, including resulting from any changes to trade agreements, tariffs or trade disputes or political issues or war or that have arisen from pandemic or pandemic-related events, or from supply shortages such as the global semi-conductor chip shortage.

Trade Restrictions or Disputes

The current trade environment is characterized by significant uncertainty, with tariffs imposed or threatened (including retaliatory tariffs) on numerous countries. The USMCA is subject to a mandatory joint review by the parties in 2026, which creates uncertainty regarding the future of North American trade arrangements and the integrated automotive supply chain that has developed under NAFTA and the USMCA. Changes to the USMCA, failure to renew the agreement, or imposition of new tariffs or trade restrictions could materially disrupt the Company's operations and those of its customers and suppliers.

The global growth of the automotive industry has been aided by the free movement of goods, services, people and capital through bilateral and regional trade agreements, particularly in North America and Europe. The introduction of measures which impede free trade, including new or increased tariffs and other trade barriers, could have a material adverse effect on the Company's operations and profitability. The imposition of tariffs and countervailing restrictions and/or retaliatory tariffs between the United States and Canada and Mexico, and with other countries, such as China, is a fluid and rapidly evolving situation. Trade and tariff uncertainty presents numerous challenges for the automotive supply chain, including: (i) planning, forecasting, and efficient capital allocation challenges, as uncertainty may impact OEM production and footprint decision-making; (ii) increased input costs, as tariffs and retaliatory measures could increase the Company's costs, the prices the Company charges customers, and the prices consumers pay for vehicles; (iii) vehicle affordability impacts, as tariffs that erode vehicle affordability may reduce consumer demand and prompt reductions in vehicle production volumes; and (iv) potential restructuring and impairment costs, including those related to any reshoring of production.

Current international trade disputes or trade wars could, among other things: (i) reduce demand for and production of vehicles including impeding our ability to sell products to customers located in the United States; (ii) disrupt global supply chains including the Company's ability to procure inputs and equipment for its operations; (iii) distort commodity pricing; (iv) impact the profitability of the Company or its suppliers and/or customers and their financial stability; (v) impair the ability of automotive suppliers and vehicle manufacturers to make efficient long-term investment decisions; (vi) create volatility in relative foreign exchange rates; (vii) contribute to stock market volatility; or (viii) result in a shutdown of the automotive industry.

Significant or sustained unmitigated tariff cost increases that are not recoverable from customers could have a material adverse effect on the Company's profitability. Trade tensions between the United States and China, and evolving trade relationships more broadly, contribute to uncertainty in global trade policy that may affect the automotive industry's integrated supply chains.

One of the most material risks stemming from trade disruptions is the potential shutdown of vehicle production, either at the Company's own facilities or at OEM assembly plants. The automotive industry relies heavily on just-in-time delivery systems and tightly synchronized supply chains. Any delay or blockage in the movement of goods - whether due to tariffs, regulatory inspections, border slowdowns, or retaliatory trade actions - can result in halted production lines, missed delivery windows, and increased operating costs. A prolonged disruption could lead to cascading effects throughout the supply chain, including inventory shortages, contractual penalties, and strained relationships with OEM customers. Furthermore, some OEMs may relocate production to different OEM assembly plants because of tariffs, which may impact production at one or more of the Company's facilities.

The Company's products may also be subject to tariffs that do not apply to automotive suppliers based in other countries which could result in changes to our customer base and disrupt our usual sales process. Any disruption to current trade practices could have a material impact on the Company's ability to market its products and procure inputs for its operations. See "Changes in Laws and Governmental Regulations."

Changes in Laws and Governmental Regulations

A significant change in the regulatory environment in which the Company currently carries on business could adversely affect the Company's operations, including changes in tax laws, tariffs, laws related to pandemics or GHG (climate change) or other environmental regulations or other regulations relating to ESG.

The Company's operations could be adversely impacted by significant changes in tariffs and duties imposed on its products, particularly significant changes to the USMCA (formerly NAFTA), or the CPTPP, the adoption of domestic preferential purchasing policies in other jurisdictions, particularly the United States or China (such as increased tariffs or investigations relating to anti-dumping) or positive or negative changes in tax or other legislation. The Company's operations could also be adversely impacted by changes in rules relating to the movement of goods and people across borders, or changes in labour laws and regimes in the jurisdictions in which it operates, including immigration policies, which prevent the movement or recruitment of key Company employees and skilled tradespersons. In addition, the Company could be exposed to increased customs audits due to governmental policy, which could lead to additional administrative burden and costs and also carry the potential of a material fine or significant reputational risk. Changes in legislation or regulation could lead to additional administrative burden and costs in general, and also carry the potential of a material fine or significant reputational risk. Changes in laws or regulations could also result in the Company shifting its operations to more favourable jurisdictions.

Dependence Upon Key Customers

North America, Europe, Brazil and China are relevant auto producing regions for us and operating results are primarily dependent on car and light vehicle production in these regions by the Company's customers. Due to the nature of the Company's business, it is dependent upon several large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the termination or discontinuation of such customer's programs without replacement or new business wins or the insolvency of any such customers, reduced sales of automotive platforms of such customers, or shift in market share on vehicles on which the Company has significant content, or inability to increase its market share with existing customers, or a significant or sustained decline in vehicle production volumes in geographic areas in which the Company operates, could significantly reduce the

Company's ongoing revenue and/or profitability, and could materially and adversely affect the Company's financial condition and results of operations. Although the Company continues to diversify its business, including its product offerings and programs with existing customers, there is no assurance that it will be successful. A loss of any or all of the Company's top customers' business would be expected to have a material adverse effect on the Company's business financial condition.

In addition, a work disruption at one or more of the Company's customers, including resulting from labour stoppages at, an inability to get critical components or supplies from or insolvencies of, or other issues at, key suppliers to such customers or an extended customer shutdown (scheduled or unscheduled, including as a result of a pandemic or epidemic, such as the COVID-19 Pandemic (including from any variant), a strike such as the UAW strike in 2023, or other supply chain disruption, including from any tariff or trade issues or disaster or cybersecurity incident), could have a significant impact on the Company's revenue and/or profitability. The Company's largest North American customers typically halt production for approximately two weeks in July and one week in December. These typically seasonal shutdowns could cause fluctuations in the Company's quarterly results.

Financial difficulties experienced by any major customer could have a material adverse effect on the Company if such customer were unable to pay for the products the Company provides or the Company experiences a loss of, or material reduction in, business from such customer. As a result of such difficulties, even where the Company is considered a key or critical supplier, the Company could experience lost revenues, significant write-offs of accounts receivable, significant impairment charges or additional restructurings, sometimes significantly, from year-to-year, which, in turn, causes fluctuations in the demand for the Company's products.

The Company is dependent on the continued growth, viability and financial stability of its OEM customers. Demand for the Company's products is directly related to consumer demand for new vehicles containing the Company's products and production levels of the Company's OEM customers. The level of new vehicle purchases is affected by factors such as consumer preferences, consumer spending patterns, used car pricing relative to new car pricing and the vehicle replacement cycle. The Company's OEM customers continually adjust their production of new vehicles in response to such conditions. The mix of vehicle offerings by the Company's OEM customers impacts the Company's sales. A decrease in consumer demand (for whatever reason) for specific types of vehicles where the Company has traditionally provided significant components could have a significant effect on the Company's business and financial condition and profitability. For example, a decrease in market demand for light trucks, or a decrease in OEM customer offerings in this vehicle segment, or a decrease in the demand for EVs where the Company has content, could adversely impact the Company's ability to maintain or increase its revenues. In addition, the Company's sales of products in the regions in which its customers operate also depend on the success of such customers in those regions. The Company's North American business is currently highly leveraged toward SUVs, CUVs and pick-up trucks; therefore, a change in consumer preferences or a decrease in consumer demand for these vehicles in North America, for example, resulting from factors such as increases in energy and fuel prices, legislative changes or changes in environmental emission standards or other regulations, may cause a related decrease in OEM production volumes. A decrease in the Company's OEM customers' production volumes for these vehicles, as a result of any one or more of these factors or any other factors, could have a material adverse effect on the Company's business, profitability, financial condition and/or results of operations. If the Company is unsuccessful or is less successful than its competitors in adjusting to its customers' needs when responding to such conditions, the Company may be placed at a competitive disadvantage, which could have a material adverse effect on the Company's business, profitability, financial condition and/or results of operations.

Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks

Global pandemics (such as the COVID-19 Pandemic and variants), epidemics or disease outbreaks in North America or globally, as well as hurricanes, earthquakes, tsunamis, snowstorms, or other natural disasters, acts of God or force majeure or disasters in general, could disrupt the Company's business operations, reduce or restrict the Company's supply of materials and services, result in labour shortages and/or significant costs to protect the Company's employees and facilities, or result in regional or global economic distress, which may materially and adversely affect the Company's business, financial condition, and results of operations. Actual or threatened war (including trade wars), terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on the Company's business, financial condition, and results of operations and/or that of the OEM, supply chain or automotive industry. Any one or more of these events may impede the Company's production and delivery efforts (or that of its customers or suppliers) and adversely affect the Company's sales results, possibly for a prolonged period of time, which could materially and adversely affect the Company's business, financial condition, and results of operations.

Impacts of a pandemic and/or prolonged pandemic (including from any variants), or one of the factors listed in the above paragraphs, would likely deteriorate economic conditions, resulting in lower consumer confidence or ability to purchase vehicles, which typically translates into lower vehicle sales and production levels, increased costs and inflation; reduce the Company's customers' production volume levels, including as a result of intermittent facility shutdowns and/or temporary shut-downs or slowdowns of one or more of the production lines of the Company or one or more of its customers or suppliers; elevate the financial pressure on or deteriorate the financial condition of the Company's customers or suppliers, which could lead to an OEM insolvency, and would likely increase pricing pressure on the Company; and reduce the Company's production levels, including as a result of intermittent shutdowns of our manufacturing facilities. Additionally, a pandemic or a prolonged pandemic could cause potential shortages of employees to staff the Company's facilities, or the facilities of the Company's customers or suppliers; lead to prolonged disruptions or shortages of critical components (for example as occurred during the global semi-conductor chip shortage) and other supply shortages or disruptions, and could deteriorate the financial condition of the Company's suppliers including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or result in governmental regulation adversely impacting our business or from civil unrest. In addition, certain events may prevent the Company from supplying products to its customers or prevent its customers from being supplied with products necessary for production of vehicles which our products are on, which could result in a range of potential adverse consequences, including business interruption, loss of business and reputational damage. Previous production stoppages related to COVID-19 resulted in, and any pandemic may in the future result in, supply disruptions and shortages globally. A prolonged supply disruption or supply shortage could have a material adverse effect on the Company's business, financial condition, and results of operations.

Any or all of the above impacts of a prolonged pandemic could have a rapid, unexpected and material adverse effect on the Company's business, financial condition and results of operations.

Financial Viability of Suppliers and Key Suppliers and Supply Disruptions (Material Availability or Disruption)

The Company relies on a number of suppliers to supply a wide range of products and components required in connection with the business. Economic conditions, including trade volatility and tariffs, production volume cuts, intense pricing pressures, increased commodity prices or inflation, labour availability and a number of other factors including war, acts of God (including fires, disasters, hurricanes, earthquakes, snowstorms, whether as a result of climate change or otherwise, pandemics or epidemics such as the COVID-19 Pandemic) cybersecurity issues of suppliers and governments which may result in border delays or outages to key systems supporting global trade, and scarcity of raw materials or other critical components (such as the global semi-conductor chip shortage, global port backlogs and container shortages or driven by the increased demand associated with the growth of innovative products such as lithium or graphite in batteries) or supplies required by the Company's OEM customers or anything that results in supply disruption can result in many automotive suppliers experiencing varying degrees of financial distress. In addition, pandemics or epidemics such as the recent COVID-19 Pandemic, any political or civil unrest or war or terrorist activity or supply shortage, such as the global semi-conductor chip shortage or disruption or any tariff or other trade issues that materially increase costs may have a material adverse impact on automotive suppliers and the supply chain and the automotive industry. The continued financial distress or the insolvency or bankruptcy of any supplier, or reduction or change in the supply of critical or key components of any such supplier or inflationary price increases or other difficulties could disrupt the supply of products, materials or components to Martinrea or to customers, potentially causing the temporary or permanent disruption and/or shut-down of the Company's or customers' production lines or result in a loss of or decrease in production volume. Martinrea has experienced supply disruptions of varying natures in the past (including in cases where an equipment supplier has gone out of business, the COVID-19 Pandemic, semi-conductor chip shortages and conflict or an act of God) which has resulted in the shortage of a key commodity, supply or service.

There is a risk some suppliers or sub-suppliers may not have adequate capacity to timely accommodate increases in demand for their products which could lead to production disruption for the customer. Some of the Company's suppliers or sub-suppliers may not be able to handle the commodity cost volatility and/or sharply changing volumes and/or labour disruption, and/or any sustainability or other government regulation including tariffs or trade regulation, while still performing as expected. To the extent the Company's suppliers or sub-suppliers experience supply disruptions, there is a risk for delivery delays, production delays, production issues or delivery of non-conforming products by suppliers. To the extent the Company's customers experience supply chain disruptions, there is a risk for production delays or production issues which could result in production slowdowns, adjustments to customers' production plans and/or prioritization of certain vehicle models and a reduction of demand for the Company's products. Even where these risks do not materialize, the Company may incur costs as it tries to make contingency plans for such risks. Any prolonged disruption in the supply of

critical components, to the Company, its suppliers, customers or within the industry generally, the inability to re-source production of a critical component from a distressed automotive components sub-supplier, or any temporary or permanent disruption and/or shut-down of production lines or the production lines of a customer, could have a material adverse effect on operations or profitability or financial condition.

Additionally, the insolvency, bankruptcy, financial restructuring or force majeure event or events which do not qualify as force majeure events but lead to potential supply chain disruptions or delays, of any critical suppliers of the Company or its customers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers, the expedited freight costs or resourcing costs of such suppliers, and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts, each of which could have an adverse effect on the Company's profitability. Although the Company is generally able to substitute suppliers for raw materials and components without incurring material short term costs, in some cases, it could be difficult and expensive and take significant time or cause significant delays for the Company to change suppliers. If any of the Company's suppliers are acquired by its competitors, consolidate with other suppliers, decide to exit the automotive manufacturing space or are acquired by other companies with whom the Company does not have existing or longstanding relationships, the Company may have less alternatives for suppliers and could experience even greater pricing pressure on certain components and raw materials required in the Company's products, lose the ability to source components and raw materials from certain suppliers or lose its status as a critical or preferred customer of such suppliers, each of which could have an adverse effect on the Company's profitability. The loss of or damage to the Company's relationships with its suppliers or any delay in receiving raw materials and components could impair the Company's ability to timely deliver good quality products to its customers, require the Company to incur additional expenses and delays to complete revalidation of a substitute supplier and result in the loss of or damage to the Company's relationships with its customers, and, accordingly, could have a material adverse effect on the Company's business, financial condition and results of operations. Also see "*Risks: Dependence Upon Key Customers*" and "*Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues*", and "*Trade Restrictions or Disputes*").

The Company currently depends on key machinery and tooling used to manufacture components and as such its manufacturing processes are vulnerable to operational problems and installation delays that can impair its ability to manufacture its products in a timely manner. The Company's facilities contain sophisticated machinery and tooling that are used in its manufacturing processes that are complex, cannot be easily replicated, have a long lead-time to manufacture and assemble, and require experienced tradespersons and operators. If there is a breakdown in such machinery and tooling, and the Company or its service providers are unable to repair in a timely fashion, obtaining replacement machinery or rebuilding tooling could involve significant delays and costs, and may not be available to the Company on reasonable terms. If the Company or its service providers are unable to repair the Company's equipment or tooling, in some cases, it could take several months, or longer, for a supplier to begin providing machinery and tooling to specification. Any disruption of machinery and tooling supply chain, or the Company's ability to service or repair key machinery and tooling, could result in lost or deferred sales and customer charges or cause the Company to incur significant costs and/or delays, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Late in the third quarter of 2025, a major U.S. aluminum supplier experienced a fire at its facility, which supplies a large portion of the aluminum sheet used in the automotive industry. This incident led to some production interruptions for several OEMs. Some of the Company's programs were affected by this supply chain disruption.

The automotive industry's reliance on a limited number of suppliers for certain critical materials, including automotive-grade aluminum sheet and specialty steels, creates concentration risk. The loss of capacity at a single facility can have a disproportionate impact on the industry's ability to source materials. The Company continues to monitor and manage concentration risks within its supply chain, though there can be no assurance that alternative sources will be available in sufficient quantities or on a timely basis in the event of a disruption to a key supplier.

Addressing Tier Two and Tier Three supply chain issues can sometimes lead to the incurrence of premium costs. OEM responses to these disruptions have caused several consequences for Tier One suppliers like the Company, including lower sales, production inefficiencies due to unexpected stops and restarts of production lines based on OEMs' production priorities, and premium costs to expedite shipments. Any of these factors could have an adverse effect on the Company's business and operational results.

Semiconductor Chip Shortages and Price Increases

The global shortage of semiconductor chips had a material adverse effect on global automotive production volumes in the recent past, and may continue to impact volumes in the future should any issue arise that impacts the production and availability of semi-conductor chips. In response to the semiconductor chip shortage, OEMs took actions, and in future may continue to take actions, such as: unplanned shutdowns of production lines and/or plants; reductions in their vehicle production plans; and changes to their product mix. Such OEM responses can result in a number of direct and indirect consequences for Tier One suppliers like Martinrea, including: lower sales; significant production inefficiencies due to production lines being stopped/restarted unexpectedly based on OEMs' production priorities; higher inventory levels; premium freight costs to expedite shipments; other unrecoverable costs; and increased challenges in retaining employees through production disruptions. The shortage of semiconductor chips also resulted in elevated prices for this critical automotive component. Tier One suppliers have faced and may continue to face price increases from sub-suppliers that have been negatively impacted by production inefficiencies, premium freight costs and/or other costs and surcharges related to a semiconductor chip shortage. Although the semiconductor chip shortage has abated, a future semiconductor chip shortage could have a material adverse effect on the Company's operations, sales and profitability.

Recent Chinese export restrictions on Nexperia, a global semiconductor supplier, have disrupted the supply of electronic components from China. While the Company's supply chain is not directly affected by these restrictions, the Company continues to monitor potential indirect impacts on automotive industry supply chains and its operations.

Inflationary Pressures

Global economies have experienced elevated inflation which could curtail levels of economic activity, including in the Company's primary production markets. During the recent past, the Company experienced higher commodity, freight and energy costs, as well as wage pressures related to labour shortages in some markets. Inflationary pressures are expected to continue in 2026 and would likely be exacerbated by shortages or disruptions to inputs required for automotive production, or by imposition of tariffs on automobiles, automotive parts, or inputs such as steel and aluminum. Tier One Suppliers may also experience price increases or surcharges from sub-suppliers in connection with the inflationary pressures they face. The inability to offset inflationary price increases through continuous improvement actions, price increases to our customers or modifications to our own products or otherwise, could have an adverse effect on the Company's profitability. OEM customers may also experience inflationary pressure due to wage or other price increases and attempt to pass the increase on to its supply base, including the Company, which may have an adverse effect on the Company's profitability.

Regional Energy Shortages

Parts of the world have experienced and are experiencing energy shortages which may be related to a resurgence in demand due to economic recovery, regulatory restrictions, war, weather events, an increase in data centers, and challenges related to the transition to renewable energy generation. Prices for energy inputs critical to manufacturing, such as natural gas and electricity, rose dramatically in parts of Europe and Asia in the recent past and may continue to increase in these or other markets. The Russia/Ukraine war has and could continue to disrupt natural gas supplies from Russia to Europe and/or cause elevated prices to rise further. The U.S./Iran war may disrupt oil supply and oil prices. Prolonged energy disruptions and/or significant energy price increases could have an adverse effect on our operations and profitability.

Russia and Ukraine War and Middle East War

Although the Company does not have any operations in Russia, Ukraine or in the Middle East, these ongoing conflicts create or exacerbate a broad range of risks, including with respect to: global economic growth; global vehicle production volumes; inflationary pressures, including in energy, commodities and transportation/logistics; energy security; redirect ocean vessels to avoid regions of conflict; and supply chain fragility. Any of the foregoing could have an adverse effect on the Company's business and results of operations.

The middle east war is an evolving situation and poses risks to global energy supply and prices. The Strait of Hormuz, which borders Iran, is a critical waterway through which a significant portion of global crude oil and petroleum products transit. Such conflict may adversely affect the Company through disruptions to global supply chains, increased transportation and logistics costs, volatility in

energy and commodity prices, constraints arising from trade restrictions or sanctions, and reduced demand from customers affected by economic uncertainty. Any prolongation or expansion of the conflict could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

To the extent that any of the Company's OEM customers suspend production elsewhere as a result of one or more of these conflicts situations Martinrea's sales would likely be adversely affected. Additionally, the conflicts and restrictive measures against any country could exacerbate a number of risks described elsewhere in these Risk Factors, including: disruption of vehicle production and supply chains, including for any critical component (such as semiconductor chips since Russia and Ukraine are critical suppliers of neon gas and palladium used in chip production); exacerbating energy shortages or driving energy prices higher, particularly oil and natural gas; constraining the supply of aluminum, palladium or other commodity metals required in automotive production; and increasing cybersecurity threats.

Customer Consolidation and Cooperation

There have been a number of examples of OEM consolidation in recent years, including the 2021 merger of PSA Group and Fiat Chrysler Automobiles to form Stellantis. Additionally, competing OEMs are increasingly cooperating and collaborating in different ways to save costs, including through joint purchasing activities, platform sharing, powertrain sharing, joint R&D and regional joint ventures. While OEM consolidation and cooperation may present opportunities, they also present a risk that the Company could lose future business or experience even greater pricing pressure on certain production programs, either of which could have an adverse effect on our profitability.

Emergence of Potentially Disruptive EV OEMs

With increased vehicle electrification, a number of potentially disruptive, EV-focused OEMs have emerged, particularly in China. Vehicle electrification, and the rate thereof, has an impact on the Company's revenues on EV-related platforms. While the Company is developing business relationships with some of the emergent EV-focused OEMs, the Company does not have relations with all, nor are such relationships as well established as those with the Company's traditional customers. The failure to sufficiently grow the Company's sales to emergent OEMs which achieve significant commercial success could adversely impact the Company's long-term strategy. At the same time, conducting business with recently established OEMs poses risks and challenges, including due to any limited operating history and/or financial, capital or other resources, which may elevate counterparty risk. Additionally, there is uncertainty regarding consumer/market acceptance of the vehicles of such new OEMs. It remains too early to determine whether the Company's commercial experience with such emergent EV-focused OEMs will be similar to our experience with established OEMs.

The Company conducts business with newer electric vehicle-focused OEMs, which poses incremental credit risk due to their relatively short operating histories, limited financial resources, less mature product development and validation processes, uncertain market acceptance of their products and services, and untested business models. These factors elevate the Company's risks in dealing with such customers, particularly with respect to recovery of pre-production costs (including tooling, engineering, and launch costs), production receivables, inventory, fixed assets, capitalized preproduction expenditures, and other third-party obligations related to such items. The Company's exposure to newer EV-focused OEMs includes both balance sheet exposure and potential future commitments. If one or more of these customers experiences financial distress or fails to achieve anticipated production volumes, the Company may be unable to recover its investments and could incur material losses. While the Company seeks to mitigate these risks through contract terms, advance payments, and credit monitoring, there can be no assurance that such measures will be sufficient to protect the Company from material losses.

Outsourcing and Insourcing Trends

The Company is dependent on the outsourcing of components, modules and assemblies by OEMs. The extent of OEM outsourcing is influenced by a number of factors, including relative cost, quality and timeliness of production by suppliers as compared to OEMs, capacity utilization, and labour relations among OEMs, their employees and unions. As a result of any favourable terms in collective bargaining agreements that may lower cost structures, OEMs may insource some production which had previously been outsourced, or not outsource production which may otherwise be outsourced at some point. Outsourcing of some assembly is particularly dependent on the degree of unutilized capacity at the OEMs' own assembly facilities, in addition to the foregoing factors. A reduction in outsourcing

by OEMs, or the loss of any material production or assembly programs coupled with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on profitability.

Competition

The automotive supply industry is highly competitive. Some of the Company's competitors have substantially greater financial, marketing and other resources and higher market share than the Company in certain products or geographic areas. The Company's competitors include a number of domestic and international suppliers, some of which have established strong relationships with OEMs. The Company's competitors may develop products that are superior to those of the Company, establish manufacturing facilities that are more logistically competitive than the Company's locations, produce similar products at a lower cost or adapt more quickly than the Company does to new technologies or evolving customer requirements. Competition can lead to price reductions, reduced margins, losses, and an inability to gain or hold market share or result in excess open capacity (which can impact the Company's profitability). As the markets for the Company's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Company's products. There can be no assurance that the Company will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors. Failure to do so, could affect the Company's ability to fully implement its corporate strategy.

Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders

Given the current trends in the automotive industry, the Company faces ongoing pricing pressure from OEMs, including through: quoting pre-requirements; long-term supply agreements with mutually agreed price reductions over the life of the agreement; non-contractual annual price concession demands; continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling; and OEM refusal to fully offset inflationary or material price increases in addition to items previously paid for directly by OEMs. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. OEMs possess significant leverage over their suppliers due to their purchasing power, continuing industry consolidation, and the highly competitive nature of the automotive supply industry. OEM customers may be able to exert greater leverage over the Company as compared to its competitors. The Company attempts to offset price concessions and costs in a number of ways, including through negotiations with OEM customers, improved operating efficiencies and cost reduction efforts. The Company's inability to fully offset price concessions, absorb design, engineering and tooling costs, and/or fully recover such costs over the life of production, could have a material adverse effect on its profitability. Contract volumes for customer programs not yet in production are based on the Company's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays or other issues, often without any compensation to the supplier by its OEM customer.

Typical purchase orders issued by customers do not require they purchase a minimum number of the Company's products. For programs currently under production, the Company is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage or for material changes in market conditions. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Company may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Company's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Company's products. Either of these factors could have an adverse effect on the Company's profitability. While it is generally the case that once the Company receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Company for a variety of reasons, including the Company's refusal to accept demands for price reductions or other concessions or the Company could cease doing business with a customer for unreasonable contracts. If a purchase order is terminated, the Company may have various pre-production, tooling, engineering and other costs, have excess open capacity, which it may not recover from its customer and which could have an adverse effect on the Company's profitability. Any excess investment in EVs, and any low adoption rate, may also put pricing pressure on programs and impact profitability. See also "Quoting/Pricing Assumptions" below.

Potential Volatility of Share Prices

The market price of the Company's common shares has been, and will likely continue to be, subject to significant fluctuations in response to a variety of factors, many of which are beyond the Company's control. These fluctuations may be exaggerated if the trading volume of the common shares is low. In addition, due to the evolving nature of its business, the market price of the common shares may fall dramatically in response to a variety of factors, including quarter-to-quarter variations in operating results, the gain or loss of significant contracts, announcements of technological or competitive developments by the Company or its competitors, acquisitions or entry into strategic alliances by the Company or its competitors, the gain or loss of a significant customer or strategic relationship, changes in estimates of the Company's financial performance, changes in recommendations from securities analysts regarding the Company, the industry or its customers' industries, litigation involving the Company or its officers and general market or economic conditions, including for example, war or trade wars or any related or unrelated issues and tariffs.

In certain circumstances that the Company determines that its share price is undervalued, the Company may use funds that would otherwise be available for its operations or other uses, to repurchase its own shares as an investment. However, there can be no assurances that any such repurchase of shares will have a positive impact on the Company's share price.

Fluctuations in Operating Results

The Company's operating results have been and are expected to continue to be subject to quarterly and other fluctuations due to a variety of factors including changes in purchasing patterns, production schedules of customers (which tend to include a shutdown period in each of July and December), pricing policies, launch costs, or operational (or equipment or systems) failures, or product introductions by competitors. This could affect the Company's ability to finance future activities. Operations could also be adversely affected by general economic downturns, an economic shock not contemplated in our business plan, a rapid deterioration of conditions or limitations on spending. The occurrence of or a prolonged recession could result in the depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.

Material and Commodity Prices and Volatility

Prices for, and sometimes availability of, key raw materials and commodities used in parts production, particularly aluminum, steel, resin, paints, chemicals and other raw materials, as well as energy prices, have proven to be volatile at certain times. The costs of these raw materials are subject to inflationary and market pricing pressures and, as such, have fluctuated over the past several years. Such additional commodity costs could have a material adverse effect on profitability. These pricing pressures put significant operational and financial burdens on the Company and its suppliers. A supplier's inability to manage raw material cost increases or availability may lead to delivery delays, additional costs, production issues or quality issues. In the past, and likely in the future based on proposed tariff pronouncements, the Company and the industry experienced steel and aluminum tariffs imposed by the U.S. and Canada, among others, in the context of trade negotiations. Martinrea has attempted to mitigate its exposure to price changes of key commodities, particularly steel, aluminum and scrap (including through participation in steel resale programs or price adjustment mechanisms and, in the case of tariffs, largely through obtaining tariff relief in most cases); however, to the extent the Company is unable to fully do so through engineering products with reduced commodity content, by passing commodity price increases to customers, by avoiding tariffs or otherwise, such additional commodity costs could have a material adverse effect on profitability. Increased energy prices also have an impact on production or transportation costs which in turn could affect competitiveness.

Scrap Steel/Aluminum Price Volatility

Some of the Company's manufacturing facilities generate a significant amount of scrap steel or scrap aluminum in their manufacturing processes, but the Company can recover some of the value through the sale of such scrap. Scrap steel and scrap aluminum prices can also be volatile and do not necessarily move in the same direction as steel or aluminum prices. Declines in scrap steel/aluminum prices from time to time could have an adverse effect on the Company's profitability.

Quote/Pricing Assumptions

The time between award of new production business and start of production typically ranges between two and four years. Since product pricing is typically determined at the time of award, the Company is subject to significant pricing risk due to changes in input costs and

quote assumptions, such as from inflation, between the time of award and start of production. The risk is elevated in a rising inflationary environment. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have an adverse effect on the Company's profitability.

The realization of incremental revenues from awarded business is inherently subject to a number of risks and uncertainties, including estimates with respect to vehicle production levels on new and replacement programs, customer price reductions, currency exchange rates and the timing of program launches (which may be delayed by the customer). There is typically a lead time, which can be significant, from the time an OEM customer awards the Company a program until the program is launched and the Company begins production of vehicles within such program. In many cases, the Company must commit substantial resources in preparation for production under awarded business well in advance of the customer's production start date. Furthermore, the Company relies on longer-term forecasts from its customers to plan its capital expenditures. If these forecasts prove to be inaccurate, either the Company may have spent too much on capacity growth for unrealized production demand, which could require the Company to consolidate facilities and leave the Company unable to recover pre-production costs, or the Company may have invested too little on capital expenditures for capacity growth, in which case the Company may be unable to satisfy customer demand, either of which could have a material adverse effect on the Company's business. The Company typically enters into agreements for its customers' purchasing requirements for the entire production life of the program (and the vehicles forming part of the program). However, industry standard terms typically contain certain provisions that allow the customer to cancel the contract for convenience. The Company's ability to obtain compensation from its customers for such cancellation, if the cancellation is through no fault of the Company, is generally limited to the direct costs it has incurred for raw materials and work-in-process and, in certain instances, unamortized investment costs. In addition, industry conditions and competition could lead the Company's customers to attempt to reduce fixed costs, including through facility closures or relocations. Facility closures or relocations relating to vehicle models for which the Company is a significant supplier could reduce the Company's sales and result in losses and impairments with respect to certain of the Company's Products and programs. If the Company does not realize all of the sales expected from awarded business, it could have a material adverse effect on its business, financial condition and results of operations.

OEM contracts are one sided as many OEMs seek to shift risk and cost to the supplier base, and it is difficult to pass on higher costs arising due to inflation or other unforeseen events that did not exist at the time of the quote.

Launch Costs, Operational Costs and Issues and Cost Structure

There are many factors that could affect the Company's ability to manage its cost structure that the Company is not able to control, including the need for unexpected significant capital expenditures and unexpected changes in commodity or component pricing that the Company is unable to pass on to its suppliers or customers. As a result, the Company may be unable to manage its operations to profitably meet current and expected market demand. Further, the Company operates in a capital-intensive industry. The Company's inability to maintain its cost structure could adversely impact the Company's operating margins and results of operations.

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Company and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs have been incurred by the Company in the past.

The Company's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner, or which may not be performing at expected levels of profitability. The Company's facilities contain complex and sophisticated machines that are used in its manufacturing processes. The Company has in the past experienced equipment failures and could experience equipment failure in the future due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability.

From time to time, the Company may have some operating divisions which are not performing at expected levels of profitability. The complexity of automotive manufacturing operations often makes it difficult to achieve a quick turnaround of underperforming divisions. Significant underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations. To compete effectively in the automotive supply industry, the Company must be able to launch new products to meet its customers' demands in a timely manner. The Company cannot ensure, however, that it will be able to install and validate the equipment

needed to produce products for new customer programs in time for the start of production or that the transitioning of its manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at its facilities. In addition, the Company cannot ensure that its customers will execute on schedule the launch of their new product programs, for which the Company might supply products. The Company may fail to successfully launch or be affected by its customers' delay in introducing new programs, and its customers may fail to successfully launch new programs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Potential Rationalization Costs, Turnaround Costs and Impairment Charges

The Company has incurred restructuring costs over the past several years, sometimes in conjunction with the cancelation of a customer program, the closing of a customer plant or the significant underperformance of a customer program, such as an EV program where actual sales are a fraction of customer-anticipated sales. In response to the increasingly competitive automotive industry conditions, the Company rationalizes some production facilities and close high cost or less efficient manufacturing facilities from time to time. In the course of such rationalization, restructuring costs related to plant closings or alterations, relocations and employee severance costs will be incurred. Such costs could have an adverse effect on short-term profitability. In addition, while the Company's goal is for every plant to be profitable, there is no assurance this will occur, which will likely result in a rationalizing or closing of the plant. Martinrea is working to turn around any financially underperforming divisions, however, there is no guarantee that it will be successful in doing so with respect to some or all such divisions. The continued underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations.

In certain locations where the Company's facilities are subject to leases, it may continue to incur significant challenges and costs if it were to attempt to relocate, restructure or downsize its business, including the inability to sublease any of the leased premises, in accordance with the terms of its existing leases. The Company may be unsuccessful in renegotiating these leases or it may need to make large settlements or take other actions to terminate its leases. The Company attempts to align production capacity with demand; however, the Company cannot provide any assurance that it will not close or relocate manufacturing facilities in the future, which could result in adverse publicity and have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may take significant impairment charges from time to time, including charges related to long-lived assets. The early termination, loss, renegotiation of the terms of, or delay in the implementation of, any significant production contract could be indicators of impairment. In addition, to the extent that forward-looking assumptions regarding: the impact of turnaround plans on underperforming operations; new business opportunities; program price and cost assumptions on current and future business; the timing and success of new program launches; and forecast production volumes, are not met, any resulting impairment loss could have a material adverse effect on the Company's profitability.

Returns on Capital Investments

The Company makes significant capital investments in new facilities, equipment, tooling, and technology to support new program launches, maintain existing operations, and pursue strategic initiatives including electrification, advanced manufacturing technologies, and capacity expansion. The Company's ability to achieve expected returns on these capital investments depends on numerous factors, many of which are beyond the Company's control, including actual production volumes compared to forecasted volumes, the timing and success of program launches, customer program cancellations or deferrals (particularly for electric vehicle programs), the pace of EV adoption, changes in customer mix, the ability to recover tooling and other pre-production costs, operational performance, and competitive dynamics. The slower-than-expected adoption of electric vehicles has resulted in underutilization of assets on EV programs across the automotive parts industry, which has negatively impacted returns on capital invested in such programs. If the Company fails to achieve anticipated returns on its capital investments, whether due to lower-than-expected volumes, program cancellations, operational underperformance, or other factors, it could result in asset impairments, reduced profitability, and a material adverse effect on the Company's financial condition and results of operations.

Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk

Automobile manufacturers are increasingly requesting that each of their suppliers bear costs of the repair and replacement of defective products which are either covered under an automobile manufacturer's warranty or are the subject of a recall by the automobile manufacturer and which were improperly designed, manufactured or assembled by their suppliers.

The Company's customers and/or government regulators have the ability to initiate recalls of safety products, which will also place us at risk for the administrative costs of the recall, even in situations where the Company may dispute the need for a recall or the responsibility for any alleged defect. An increase in the number of repair/replacement claims could lead to higher self-insured retentions and reduced insurance coverage limits. The obligation to repair or replace defective products could have a material adverse effect on our operations and profitability. To the extent such obligation arises as a result of a product recall, the Company may face reputational damage, and the combination of administrative and product replacement costs could have a material adverse effect on the Company's profitability.

In certain circumstances, the Company is at risk for warranty, product liability and recall costs, and are currently experiencing increased customer pressure to assume greater warranty responsibility. Certain customers seek to impose partial responsibility for warranty costs where the underlying root cause of a product or system failure cannot be determined. Warranty provisions for the Company's products are based on its best estimate of the amounts necessary to settle existing or probable claims related to product defects. In addition, warranty provisions may also be established on the basis of our or the Company's customers' warranty experience with the applicable type of product and, in some cases, the terms in the applicable customer agreements. Actual warranty experience which results in costs that exceed our warranty provisions, could have a material adverse effect on our profitability.

Historically, there have been significant product recalls by some of the world's largest vehicle manufacturers. Recalls may result in decreased vehicle production because of a manufacturer focusing its efforts on the problems underlying the recall rather than generating new sales volume. In addition, reputational damage with consumers may occur and consumers may elect not to purchase vehicles manufactured by the vehicle manufacturer initiating the recall, or by vehicle manufacturers in general, while the recalls persist. Any reduction in vehicle production volumes, especially by the Company's OEM customers, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company does not maintain insurance for product recall matters; as such insurance is not generally available on acceptable terms. The obligation to repair or replace such parts under warranty or recall, or a requirement to participate in a product recall, even where the Company disputes the need for a recall or the responsibility for any alleged defect, could have a material adverse effect on the Company's operations and financial condition. Actual warranty experience which results in costs that exceed the Company's warranty provisions could have a material adverse effect on the Company's profitability. Furthermore, if the Company experienced a product recall, such product recall may harm the Company's relationship with its customers and/or the Company may face reputational damage.

The Company cannot guarantee that the design, engineering, testing, validation and manufacturing measures it employs to ensure high-quality products will be completely effective, particularly as product complexity increases. In the event that its products fail to perform as expected and such failure results in, or is alleged to result in, bodily injury and / or property damage or other losses, product liability claims may be brought against the Company. The defense of product liability claims, particularly class action claims in North America, may be costly and judgments against the Company could impair its reputation and have a material adverse effect on profitability.

Product Development and Technological Change (Including Artificial Intelligence and Electrification)

The automotive industry is characterized by rapid technological change and frequent new product introductions. Price pressure downward by customers and unavoidable price increases from suppliers can have an adverse effect on the Company's profitability. Accordingly, the Company believes that its future success depends upon its ability to enhance manufacturing techniques, offering enhanced performance and functionality at competitive prices, and delivering lightweighting and other products or systems that will enable it to continue to have content on the cars of the future (including for example, electric and autonomous vehicles). The Company's inability, for technological or other reasons, to enhance operations 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. The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent workforce and to adapt to technological changes and advances in the industry (including as may arise from the use of artificial intelligence), including providing for the continued compatibility of its products with evolving industry standards and protocols. There can be no assurance that the Company will be successful in its efforts in these respects.

The Company continues to invest in advanced manufacturing technologies, including machine learning AI, vision systems, and advanced robotics, to improve operational efficiency and product quality. These technologies present both opportunities and risks. The successful deployment of artificial intelligence (including machine learning) and automation across the Company's manufacturing operations may provide competitive advantages through improved productivity, quality control, and cost efficiency. However, the Company's competitors may adopt similar or superior technologies, and there can be no assurance that the Company's technology investments will yield the anticipated benefits.

Artificial intelligence has been used in automotive manufacturing in the past, but has been recently more frequently discussed in general, in terms of the risks and opportunities arising from the use of generative artificial intelligence. While the Company adopts technology it believes appropriate, the use of generative artificial intelligence, agentic AI and the regulatory framework is evolving and as it evolves, our business, financial condition and results of operations may be adversely effected. As the Company pursues its strategy to grow through acquisitions and/or to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies, resulting in a larger technological presence, utilization of "cloud" computing services and deep learning models, and corresponding exposure to cybersecurity risk. Certain new technologies, such as use of autonomous vehicles, remote-controlled equipment, automation and artificial intelligence, present new and significant cybersecurity safety risks that must be analyzed and addressed before implementation. If the Company fails to assess and identify cybersecurity risks associated with acquisitions and new initiatives, the Company may become increasingly vulnerable to such risk.

Cybersecurity Threats

The Company relies upon IT networks and systems to process, transmit and store electronic information, and to manage or support a variety of business processes or activities. Additionally, the Company and certain of its customers and third-party vendors collect and store personal information in connection with human resources operations and other aspects of the Company's business. The secure operation of these IT networks and systems and the proper processing and maintenance of this information are critical to the Company's business operations. The reliability and security of the Company's information technology (IT) systems is important to the Company's business and operations. Although the Company has established and continues to enhance security controls intended to protect the Company's IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyber-attacks (including from the use of artificial intelligence in these attacks) and the Company's IT systems are at risk to damages from computer viruses, unauthorized access, cyber-attack and other similar disruptions. The occurrence of any of these events could compromise the Company's networks, and the information stored there could be accessed, publicly disclosed or lost. A significant breach of the Company's IT systems (or that of any of its customers or suppliers) could, among other things, cause disruptions in the Company's manufacturing operations (such as operational delays from production downtime, inability to manage the supply chain or produce product for customers, disruptions in inventory management), lead to the loss, destruction, corruption or inappropriate use of sensitive data, including employee information, result in lost revenues due to theft of funds or due to a disruption of activities, including remediation costs, or from litigation, fines and liability or higher insurance premiums, the costs of maintaining security and effective IT systems, which could negatively affect results of operations and the potential adverse impact of changing laws and regulations related to cybersecurity or result in theft of the Company's, its customers' or suppliers' intellectual property or confidential information. If any of the foregoing events (or other events related to cybersecurity) occurs, the Company may be subject to a number of consequences, including reputational damage, a diminished competitive advantage and negative impacts on future opportunities which could have a material adverse effect on the Company. In addition, any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, the disruption of the Company's operations or damage to the Company's reputation. The Company may also be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. Any of these issues could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure, disruption or breach of the Company's IT networks and systems could compromise the integrity or confidentiality of the Company's customers' information. Any actual or perceived failure, disruption or breach of the Company's IT networks and systems could materially impair our reputation and cause the Company to lose customers or revenue, or become subject to litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business. Any failure or perceived failure to protect the Company's customers' information could have a material adverse effect on the Company's business, financial condition and results of operations.

The development, adoption, and use for generative AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by the Company or third-party developers or vendors could result in unintended consequences. For example, AI algorithms that the Company uses may be flawed or may be based on datasets that are biased or insufficient. Developing, testing, and deploying resource-intensive AI systems may require additional investment and increase the Company's costs. There are significant risks involved in development and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. It is not possible to predict all of the risks related to the use of AI and changes in laws, rules, directives, and regulations governing the use of AI may adversely affect the Company's ability to develop and use AI or subject the Company to legal liability.

A Shift Away from Technologies in Which the Company is Investing

The Company continues to invest in technology and innovation (including using artificial intelligence as it determines appropriate) which the Company believes will be critical to its long-term growth, however, the automotive industry is experiencing rapid technological change and significant disruption. Changes in legislative, regulatory or industry requirements or in competitive technologies, including manufacturing processes, may render certain of the Company's products obsolete or less attractive or may result in the Company's operations not being cost-competitive. The Company's ability to anticipate changes in technology and trends and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in its ability to remain competitive. If the Company is unsuccessful or is less successful than its competitors in consistently developing innovative products, processes and/or use of materials, the Company may be placed at a competitive disadvantage, which could have a material adverse effect on the Company's business, financial condition and results of operations. If there is a shift away from the use of technologies in which the Company is investing, or a change in trends, its costs may not be fully recovered. In addition, the Company may be placed at a competitive disadvantage if other technologies in which the investment is not as great, or the Company's expertise is not as developed, emerge as the industry-leading technologies. This could have a material adverse effect on the Company's profitability and financial condition.

Dependence Upon Key Personnel

The success of the Company is dependent on the services of a number of the members of its senior management, who set the culture, hire the talent, provide strategic direction, oversee operational excellence and drive financial discipline of the Company. The experience and talents of these individuals has been and will be a significant factor in the Company's continued success and growth. The loss of one or more of these individuals without adequate replacement measures could have a material adverse effect on the Company's operations and business prospects. The Company does not currently maintain key person insurance.

The Company's business depends on its ability to attract, develop and retain experienced and highly skilled personnel at all levels of the Company. Such personnel are in high demand in the areas in which the Company competes, and competition for their services is intense. As a result of the rapid changes and the intense competition in the automotive industry, the Company has a growing need for skilled people and the Company may face substantial competition for such personnel, from traditional and less traditional sources. The inability to attract and retain highly-skilled personnel could have an adverse effect on the Company's operations and profitability and its ability to fully implement its business strategy.

Additionally, effective succession planning programs and practices are a critical element of the Company's overall talent management strategy. The Company maintains a leadership development and succession program that has facilitated seamless leadership transitions to date. However, the failure to ensure effective knowledge transfers and seamless leadership transitions involving key professionals and leaders could also impact the Company's ability to profitably conduct business and/or effectively implement the Company's strategy.

The automotive manufacturing sector faces or may face a structural shortage of skilled trade workers, including toolmakers, welders, millwrights, and automation technicians. The existing workforce in certain specialized manufacturing disciplines is aging, and the pipeline of new workers entering these trades may not keep pace with demand. These factors may intensify competition for skilled personnel and increase the Company's costs of attracting and retaining the workforce necessary to operate its manufacturing facilities.

Limited Financial Resources/Uncertainty of Future Financing/Banking

The Company is engaged in a capital-intensive business and its financial resources are less than the financial resources of some of its competitors. There can be no assurance that, if, as and when the Company seeks additional equity or debt financing, or other forms of financing, the Company will be able to obtain the additional financial resources required to successfully compete in its markets on favourable commercial terms or at all. Additional equity financings may result in substantial dilution to existing shareholders.

The Company's existing debt facilities must be renewed on a periodic basis. There is no assurance the Company will be able to renew such facilities on competitive terms or at all. These facilities may contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. Interest rate fluctuations, financial market volatility and global credit market disruptions have made, and may continue to make, it difficult for companies to raise and maintain necessary operating liquidity. While the Company believes it has sufficient liquidity to operate, there can be no assurance that the Company will continue to have such ability.

The Company's working capital requirements can vary significantly depending, in part, on the level, variability and timing of the worldwide vehicle production of its OEM customers and the payment terms with customers and suppliers. The Company's liquidity could be adversely impacted if circumstances arose causing its suppliers to suspend trade credit terms and require payment in advance or payment upon delivery. If sufficient funds are not otherwise available to the Company from its credit facilities, the Company may need to seek additional capital, through debt or equity financings, to fund its business. Conditions in the credit markets (such as availability of finance and fluctuations in interest rates) may make it difficult for the Company to obtain such financing on attractive terms or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital stock, make investments and engage in merger, consolidation and asset sale transactions. Many of the Company's customers and suppliers require significant financing to operate their businesses. Longer-term disruptions in the credit markets could further adversely affect the Company's customers by making it increasingly difficult for them to obtain financing for their businesses or for consumers to obtain financing for vehicle purchases. If capital is not available to the Company's customers and suppliers, or if its cost is prohibitively high, their businesses would be negatively impacted, which could result in their restructuring or even reorganization or liquidation under applicable bankruptcy laws. As a result, the need of the Company's customers for, and their ability to purchase, the Company's products may decrease, and the Company's suppliers may increase their prices, reduce their output or change their terms of sale. Any inability of the Company's customers to pay for the Company's products and services, or any demands by suppliers for different payment terms, could have a material adverse effect on the Company's business, financial condition and results of operations.

The occurrence of an economic shock not contemplated in the Company's business plan, a rapid deterioration of conditions or a prolonged recession could result in the depletion of the Company's cash resources, which could have a material adverse effect on its operations and financial condition.

In recent years, the Company has invested significant amounts of money in its business through capital expenditures to support new facilities, expansion of existing facilities, purchases of production equipment and acquisitions. Returns achieved on such investments in the past are not necessarily indicative of the returns the Company may achieve on future investments and its inability to achieve returns on future investments which equal or exceed returns on past investments could have a material adverse effect on our level of profitability.

Acquisitions

The Company may grow through acquisitions of complementary businesses, products or technologies, or by entering into joint ventures. The Company has acquired and anticipates that it will continue to acquire complementary businesses, assets, technologies, services or products, at competitive prices. The Company intends to continue to pursue acquisitions in those product areas which we have identified as key to the Company's long-term business strategy. However, as a result of intense competition in these strategic areas, the Company may not be able to acquire the targets needed to achieve its strategic objectives or certain of its suppliers or sub-

suppliers could be acquired, including by the Company's key competitors, which could have a negative impact on the Company's business and strategy.

The completion of such transactions poses additional risks to the Company's business. Acquisitions or strategic alliances are subject to a range of inherent risks, including the difficulties in the integration of the acquired businesses or incorporating joint ventures; uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses of, acquisition candidates; the assumption of unknown liabilities, including assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks and undisclosed risks impacting the target; adverse effects on existing customer and supplier relationships; integration of internal controls; entry into markets in which the Company has little or no direct prior experience; the potential loss of key customers, management and employees of an acquired business; potential integration or restructuring costs; the ability to achieve operating and financial synergies; unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the Company's rationale for pursuing the acquisition or joint venture. Although the Company seeks to conduct appropriate levels of due diligence on acquisition targets, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations in the due diligence process. Additionally, the Company may identify risks and liabilities that cannot be sufficiently mitigated through appropriate contractual or other protections. The realization of any such risks could have a material adverse effect on the Company's operations or profitability. The Company also may not be able to successfully integrate or achieve anticipated synergies from acquisitions and/or such acquisitions may be dilutive in the short to medium term. Either of these outcomes could have a material adverse effect on the Company's profitability.

The occurrence of any one or more of these factors could cause the Company not to realize the benefits anticipated to result from an acquisition or a joint venture, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Joint Ventures

The Company has in the past and may from time to time conduct certain of its operations through joint ventures under contractual arrangements under which it shares management responsibilities with one or more partners. Certain of the Company's future cash flows and earnings and its results of operations and financial condition may in part depend on the Company retaining its ownership interests in its joint venture investments. Joint venture operations carry a range of risks, including those relating to: failure of a joint venture partner to satisfy contractual obligations; potential conflicts between the Company and the joint venture partner; strategic objectives of joint venture partner(s) that may differ from the Company's; potential delays in decision-making; a more limited ability to control legal and regulatory compliance within the joint venture(s); and other risks inherent to non-wholly-owned operations. The likelihood of such occurrences and potential effect on the Company may vary depending on the joint venture arrangement; however, the occurrence of any such risks could have an adverse effect on the Company's operations, profitability and reputation.

Private or Public Equity Investments in Technology Companies

In addition to the Company's development activities, the Company has invested in other companies. Such investments are an important element of the Company's long-term strategy and the Company may make further private or public equity investments in such companies. Investing in such companies involves a high degree of risk, including the potential loss of some or all of the investment value. In addition, where there is no public market for the shares of the investments in start-ups, the Company may be unable to monetize its equity investments in the future. Investments in companies or funds which are currently or subsequently become publicly traded are marked-to-market quarterly, which may result in the Company recording unrealized gains or losses in any given quarter.

Potential Tax Exposures

The Company may incur losses in some countries, which it may not be able to fully or partially offset against income the Company has earned in those countries. In some cases, the Company may not be able to utilize these losses at all if the Company cannot generate profits in those countries and/or if the Company has ceased conducting business in those countries altogether. The Company's inability to utilize material tax losses could materially adversely affect its profitability. At any given time, the Company may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. The Company is subject to numerous tax and accounting

requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, the manner in which it conducts its business or the marketability of any of its products. The geographic scope of the Company's business requires the Company to comply with the tax laws and regulations of multiple jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to inadvertently fail to comply. In the event the Company was to inadvertently fail to comply with applicable tax laws, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

The taxation system and regulatory environment in some of the jurisdictions in which the Company operates are characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various regulatory authorities and jurisdictions that are empowered to impose significant fines, penalties and interest charges. The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo tax authorities for certain historical value added tax credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. Although the Company believes that it has complied in all material respects with the legislation in Brazil and has obtained legal advice to such effect there is no assurance that the Company will be successful with respect to such assessment (see Note 23 to the Company's consolidated financial statements for the year ended December 31, 2025). The Company's subsidiary in Queretaro, Mexico, Martinrea Honsel Mexico, S.A. de C.V., is currently being assessed by the Mexican Federal Tax Authorities for tax deductions taken mainly in respect of certain intra-company transactions. The Company has sought external legal advice and believes that it has complied in all material respects, with the relevant legislation and will continue to vigorously defend against such assessments. No provision has been recorded by the Company in connection with this contingency as, at this stage, the Company has concluded that it is not probable that a liability will result from the matter (see Note 23 to the Company's consolidated financial statements for the year ended December 31, 2025). The Company's subsidiary in Meschede, Germany, Martinrea Honsel Germany GmbH, is currently being assessed by the German Federal and State Tax Authorities for tax deductions taken mainly in respect of certain intra-company transactions. The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will continue to vigorously defend against such assessments (see Note 23 to the Company's consolidated financial statements for the year ended December 31, 2025). To the extent the Company cannot implement measures to offset this and other tax exposures, it may have a material adverse effect on the Company's profitability (see "Legal Proceedings").

Labour Relations Matters

The Company has a significant number of its employees subject to collective bargaining agreements, as do many of the Company's customers and suppliers. To date, the Company has had no material labour relations disputes. However, production may be affected by work stoppages and labour-related disputes (including labour disputes of the Company's customers and suppliers, such as the UAW strike in 2023), whether in the context of potential restructuring or in connection with negotiations undertaken to ensure a division's competitiveness, or otherwise, which may not be resolved in the Company's favour and which may have a material adverse effect on the Company's operations. The Company cannot predict whether and when any labour disruption may arise or how long such disruption could last. A significant labour disruption could lead to a lengthy shutdown of the Company or its customers' or suppliers' facilities or production lines, which could have a material adverse effect on the Company's operations and profitability.

Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues

The Company is subject to a variety of environmental regulations by the federal, provincial and municipal authorities in Canada, the United States, Mexico, South America, Europe, China and Japan that govern, among other things: activities or operations that may have an adverse environmental effect; 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. If the Company fails to comply with these laws, regulations or permits, the Company could be fined or otherwise sanctioned by regulators or become subject to litigation or obligations to investigate or remediate existing or potential contamination, third-party property damage claims, personal injury claims, or modification or revocation of operating permits and may lead to temporary or permanent business interruptions. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs or may require changes of production processes. Environmental regulation in any one jurisdiction in

which the Company operates may impact the business of the Company to the extent that jurisdiction becomes less competitive. Compliance with the requirements of laws and regulations affect ongoing operations and may increase capital costs and operating expenses, particularly if the applicable laws and regulations become increasingly stringent or more stringently enforced in the future. The Company may be required to use different materials in its production due to changing environmental restrictions or due to customer specifications. Material substitution may cause the Company to incur additional capital and operating costs. In addition to the foregoing, the Company may also incur costs and expenses resulting from environmental compliance, contamination or incidents, such as any changes to facilities to address physical, health and safety or regulatory constraints, repair or rebuilding facilities impacted by adverse weather events, or research and development activities related to more environmentally efficient operations and processes, as well as other potential costs (see also “Financial Viability of Suppliers”).

Under certain environmental requirements, the Company could be responsible for costs relating to any contamination at the Company's or a predecessor entity's current or former owned or operated properties or third-party waste-disposal sites, even if the Company was not at fault. In addition to potentially significant investigation and cleanup costs, contamination can give rise to third-party claims for fines or penalties, natural resource damages, personal injury or property damage.

The Company's operations may also be impacted by environmental policies at any of its customers or suppliers to the extent that it affects production or volumes. The Company and its customers or suppliers are also under pressure to meet tighter emissions regulations, reduce fuel consumption and act with more environmental responsibility, which may impact the Company's business and operations. Foreign, federal, state, provincial and local regulatory and legislative bodies have (or have in the past) proposed various legislative and regulatory measures relating to climate change, regulating greenhouse gas emissions and energy policies. The Company endeavours to be environmentally responsible and recognizes that the competitive pressures for economic growth and cost efficiency must be integrated with sound sustainability management, including environmental stewardship. The Company has adopted sourcing and other business practices to address ESG concerns of its customers. Despite these efforts, any customer concerns could negatively affect the Company's reputation and financial performance. Due to the uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, the Company cannot currently determine the effect such legislation and regulation may have on its operations or on the production of, or demand for, vehicles, including light trucks.

The Company and its customers or suppliers are also under pressure to reduce carbon emissions from operations. In order to meet these reductions, it will likely take energy efficiency initiatives, as well as the use of renewable energy. Depending on the cost and the availability of renewable energy in certain markets across our global operations, the lack of ability to meet these future renewable energy purchases, through being cost prohibitive or unavailable, may impact the Company's business and operations.

The Company cannot provide assurances that the Company's costs, liabilities and obligations or any resulting impact on its revenues due to regulatory change, customer requirements or changes in supply chain requirements relating to ESG matters (or any issues that may arise as a result of its customers' or suppliers' own ESG compliance, including any environmental compliance or trends that may impact their businesses) will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The Company requires compliance with its policies both internally and, where relevant, for its suppliers, including related to ESG. Although the Company requires its suppliers to comply with these guidelines, there is no guarantee that these suppliers will not take actions that hurt the Company's reputation, as they are independent third parties that the Company does not control. However, if there is a lack of apparent compliance, it may lead the Company to search for alternative suppliers. This may have an adverse effect on the Company's financial results, by increasing costs, potentially causing shortages in products, delays in delivery or other disruptions in operations. While the Company evaluates its supply base, given the number of suppliers globally, the ability to conduct on-site assessments is not possible for all suppliers. Further, the ability to conduct on-site assessments had been impacted during the COVID-19 Pandemic and may be similarly affected if there are any future pandemics. A violation of the Company's policies could impact the ability of suppliers to work with the Company (see “Supply Chain Responsibility”).

The Company's operations may also be impacted by any environmental policies or incidents at any of its customers or suppliers to the extent that it affects production or volumes.

In addition, the physical occurrence of severe weather conditions or one or more natural disasters, whether due to climate change or naturally occurring, such as, floods, wild fires, tornadoes, hurricanes and windstorms, snowstorms and other natural disasters such as earthquakes, tsunamis or hurricanes, including extreme weather caused by climate change, in a country in which the Company operates or in which its suppliers or customers are located, could cause catastrophic destruction to some of the Company's or the Company's suppliers' or customers' facilities, which could have a material impact on the availability of a product, disrupt the Company's production and/or prevent the Company from supplying products to its customers which could have a material adverse effect on its business, financial condition and results of operations. Such events could result in physical damage to and complete or partial closure of one or more of the Company's or its customers' manufacturing facilities; temporary or long-term disruption in the supply of raw materials from the Company's suppliers; disruptions to the Company's production or ability of the Company's employees to work efficiently; and/or disruptions or delays in the transport of the Company's products to its customers or their vehicles to their customers. The Company has policies and procedures in place to mitigate such risk and to obtain alternate supply, where practical, however it may not be possible in all cases or for a critical component. Physical risks related to extreme weather events or natural disasters cannot be predicted and the frequency and severity of any such event can vary including by region. Any interruption to the Company's supply of product or resulting changes in price to the Company could lower the Company's revenues, increase its operating costs and impact its financial results. A catastrophic destruction of the Company's or the Company's suppliers' facilities could have a material adverse effect on the Company's operations and profitability (see also "Financial Viability of Suppliers").

Sustainability (ESG) initiatives have been increasingly influencing the automotive industry and in recent years, there has been an increasing focus on climate change (including GHG reduction), energy reduction and transition to renewable energy. In addition, there is an increased focus on disclosure and reporting of ESG metrics and policies and various governments in jurisdictions in which the Company operates, are at various stages of adopting legislations and regulations on ESG reporting, which may overlap or impose uncertainty due to unexpected implementation, and/or be onerous on the Company and its customers and/or suppliers, from a reporting and/or cost perspective. (See "Automotive Industry Highlights and Trends")

The Company cannot provide assurances that the Company's costs, liabilities and obligations or any resulting impact on its revenues due to customer requirements or changes in supply chain requirements relating to ESG matters (or any issues that may arise as a result of its customers' or suppliers' own environmental compliance or incidents, including any environmental compliance or incidents or trends that may impact their businesses) or from ESG matters in general, including any arising from climate change, will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The regulatory environment for environmental sustainability and ESG matters continues to evolve. In certain jurisdictions, including the United States, there is a trend toward reduced emphasis on certain ESG-related regulations and reporting requirements. Additionally, many initiatives are being reconsidered or withdrawn across the industry. The Company's culture, founded on the Golden Rule and its 10 Guiding Principles, predates and is independent of these trends and will continue regardless of changes in the regulatory or political environment. However, other jurisdictions, such as Europe, are continuing with reporting requirements.

Litigation and Regulatory Compliance and Investigations

The Company has been and is involved in litigation from time to time and has received, in the past, letters from third parties alleging claims (including of its customers, suppliers, current or former employees) and claims have been made against it including those described under "Legal Proceedings". Although litigation claims may ultimately prove to be without merit, they can be time-consuming and expensive to defend. There can be no assurance that third parties will not assert claims against the Company in the future or that any such assertion will not result in costly litigation, or a requirement that the Company enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Due to the inherent uncertainties of litigation, it is not possible to predict the outcome or determine the amount of any potential losses or the success of any claim or of any lawsuit referenced under "Legal Proceedings" and any other claims to which the Company may be subject. In addition, there is no assurance that the Company will be successful in a litigation matter. Any of these events may have a material adverse effect on the Company's business, financial condition and results of operations. The Company's policy is to comply with all applicable laws. However, the Company or its directors and officers may also be subject to regulatory risk in the markets in which it operates (for example, antitrust and competition regulatory authorities, tax authorities, anti-bribery and corruption authorities, customs authorities, cybersecurity risk and privacy legislation such as GDPR). Regulatory investigations, if any, can continue for several years, and depending on the jurisdiction and type of proceeding can result in administrative or civil or criminal penalties that could have a material

adverse effect on the Company's profitability or operations (even where the Company or any of its officers or directors is innocent, investigations can be expensive to defend). Additionally, the Company could be subject to other consequences including reputational damage, which could have a material adverse effect on the Company.

Antitrust and Competition Law Enforcement

The Company is subject to antitrust and competition laws in the jurisdictions in which it operates, including in Canada, the United States, Europe, and other markets. These laws prohibit, among other things, anticompetitive agreements, abuse of dominant market position, and other practices that may restrict competition. Enforcement of antitrust and competition laws by authorities such as the Competition Bureau in Canada, the United States Department of Justice, the Federal Trade Commission, and the European Commission has been active in the automotive supply industry. The Company could be subject to investigations, proceedings, or enforcement actions related to alleged violations of antitrust or competition laws, whether based on the Company's own conduct or the conduct of competitors or other third parties in which the Company may be implicated. Such proceedings could result in significant fines, penalties, damages (including treble damages in certain jurisdictions), injunctive relief, reputational harm, and substantial legal costs. Even if the Company is not found to have violated antitrust or competition laws, the cost and distraction of defending against such allegations could have a material adverse effect on the Company's business, financial condition, and results of operations.

Risks of Conducting Business in Foreign Countries, Including China, Brazil, Mexico and Other Growing Markets

The Company has or may establish foreign manufacturing, assembly, product development, engineering and research and development operations in foreign countries, including in Mexico, Europe, China and Brazil. International operations, including Mexico, are subject to certain risks inherent in doing business abroad, including:

- political, civil and economic instability;
- corruption risks;
- trade, customs and tax risks;
- currency exchange rates and currency controls;
- limitations on the repatriation of funds; insufficient infrastructure;
- restrictions on exports, imports and foreign investment;
- environmental risk;
- increases in working capital requirements related to long supply chains;
- changes in labour laws and regimes and labour strife;
- difficulty in protecting intellectual property rights; and different and challenging legal systems.

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, however any such occurrences could have an adverse effect on the Company's profitability. Current relations, trade and otherwise, between China, the U.S. and Canada have increased some of the risks of operating in China and dealing with Chinese operations.

China-Specific Risks

The Company's operations in China are subject to additional risks arising from the evolving geopolitical relationship between China and Western countries, including Canada and the United States. Western governments have increasingly reconsidered their approach to trade with China, including through the imposition of tariffs, export controls, and restrictions on technology transfer. The Chinese government has similarly imposed retaliatory measures and export restrictions that may affect global supply chains.

Recent Chinese export restrictions on Nexperia, a global semiconductor supplier, resulted in a disruption in the supply of electronic components from China. While the Company's supply chain is not directly affected by these restrictions, the Company continues to monitor potential indirect impacts on automotive industry supply chains and its operations. Similar restrictions on other components or materials sourced from China could have a material adverse effect on the Company's operations.

The Company may face increased pressure from customers or governments to diversify its supply chain away from China, which could require significant capital investment and operational changes. Conversely, the Company's operations in China may be adversely

affected by restrictions imposed by the Chinese government on foreign-owned businesses or by deteriorating trade relations between China and the Company's key markets. Any escalation of trade tensions between China and Western countries could have a material adverse effect on the Company's business, financial condition, and results of operations.

The evolving trade relationship between China and Western countries, including Canada and the United States, may also interact with North American trade dynamics. For example, trade tensions with China have contributed to broader protectionist policies that may affect the USMCA framework and North American supply chains more generally. The USMCA is subject to a mandatory joint review by the parties in 2026, which creates additional uncertainty regarding the future of North American trade arrangements. See "Trade Restrictions or Disputes" and "Trade Policies, Tariffs and Resulting Impact" for further discussion of North American trade risks.

Currency Risk

A substantial portion of the Company's revenues are now, and are expected to continue to be, realized in currencies other than Canadian dollars, primarily the U.S. dollar. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's results of operations. To date, the Company has engaged in some hedging activities to mitigate the risk of identified exchange rate exposures. To the extent the Company may seek to implement more substantial hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

Currency fluctuations may negatively or positively affect the competitiveness of the Company's operations in a particular jurisdiction. As a result, the Company may move some existing work to another country, or may source work to different divisions, in order for the Company to remain or become competitive. Any work shifts may entail significant restructuring and other costs as work is shifted, as plants are consolidated, downsized or closed, or as plants in other jurisdictions are expanded.

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of the Company. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of the Company to continue its business as presently constituted. The Company has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected and corrected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, the Company assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board regarding achievement of intended results. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. Changes in internal controls due to remote work arrangements, such as those adopted in response to the COVID-19 Pandemic, may result in control deficiencies and impact the Company's financial reporting systems, which may also be material. The Company's current system of internal and disclosure controls also places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Loss of Use of Key Manufacturing Facilities

While the Company manufactures its products in several facilities and maintains insurance covering its facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of the Company's manufacturing facilities due to accident, weather conditions, acts of war, political unrest, terrorist activity, natural disaster, labour issues or otherwise, whether short-term or long-term, could have a material adverse effect on the Company's business, financial condition and results of operations.

Intellectual Property

The Company relies upon trademarks, copyrights, patents and contractual restrictions to protect its know-how, trade secrets and other intellectual property. Failure to protect (including through unintentional loss of protection through the use of generative AI) the Company's intellectual property rights may undermine its competitive position and protecting its rights or defending against third-party allegations of infringement may be costly, which could have a material adverse effect on the Company's business, financial condition and results of operations. Protection of proprietary processes, designs, moldings, know-how, trade secrets, documentation and other technology is critical to the Company's business. Failure to protect, monitor and control the use of the Company's existing designs, know-how, trade secrets and other intellectual property rights could cause the Company to lose its competitive advantage and incur significant expenses. However, the measures the Company takes to protect its know-how, trade secrets and other intellectual property rights may be insufficient. While the Company enters into confidentiality and proprietary rights agreements and agreements for assignment of invention with its employees and third parties to protect its know-how, trade secrets and intellectual property rights, such agreements and assignments could be breached and may not provide meaningful protection. Also, others may independently develop technologies or products that are similar to the Company's. In such case, the Company's know-how and trade secrets would not prevent competition from third-parties. Third-parties may seek to oppose, cancel or invalidate the Company's intellectual property rights, which could have a material adverse effect on the Company's business, financial condition and results of operations. The costs associated with the protection of the Company's know-how, trade secrets, intellectual property and the Company's proprietary rights and technology are ongoing. Third-parties or employees may infringe or misappropriate the Company's proprietary technologies or other intellectual property rights, which could harm the Company's business and operating results. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available. Failure to protect or enforce the Company's intellectual property rights may undermine its competitive position and protecting its rights or defending against third-party allegations of infringement may be costly, which could have a material adverse effect on the Company's business, financial condition and results of operations. If the Company's technology infringes on the proprietary rights of others, its ability to compete may be impaired. Third-parties may bring legal claims, or threaten to bring legal claims, against the Company that their intellectual property rights are being infringed or violated by the Company's use of intellectual property. Litigation or threatened litigation, regardless of merit, could be costly, time consuming to defend, require the Company to redesign its products or manufacturing processes, if feasible, distract senior management from operating the Company's business and/or require the Company to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property. Any such royalty or licensing agreements, if required, may not be available to the Company on acceptable terms or at all. If the Company were to be found liable for any such infringement, the Company could be required to pay substantial damages and could be subject to injunctions preventing further infringement. In addition, any payments the Company is required to make and any injunctions with which the Company is required to comply as a result of infringement claims could be costly. Any legal claims or litigation could have a material adverse effect on the Company's business, financial condition and results of operations. If a third-party claims to have licensing rights with respect to components the Company purchased from a vendor, the Company may be obligated to cease using these components, incur associated costs if the vendor is unwilling or unable to reimburse the Company and be subject to liability under various civil and criminal causes of action, including damages and injunctions. Additionally, the Company will be required to purchase new components to replace any it has purchased and are unable to use. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations.

Availability of Consumer Credit or Cost of Borrowing

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by our OEM customers could have a material adverse effect on the Company's business, results of operations and financial condition.

Evolving Business Risk Profile

The risk profile of the Company's business continues to evolve with the increasing importance to us of product areas outside of its traditional business. As the Company's business evolves, the Company may face new or heightened risks, including: forecasting and planning risks related to penetration rates of EVs; reduction in demand for certain products which are unique to ICE vehicles; challenges in quoting for profitable returns on products with leading-edge technologies for which the Company may not have significant quoting experience; rigorous testing and validation requirements from OEM customers for complex new products; increased warranty

and recall risks on new products and leading-edge technologies; increased product liability risks; heightened risk of technological obsolescence of some of our products, processes and/or assets; and difficulties in attracting or retaining employees with critical skills in high-demand areas. Realization of one or more such risks could have a material adverse effect on the Company's operations, profitability or financial condition.

Competition with Low Cost Countries

The competitive environment in the automotive industry has intensified as customers seek to take advantage of low wage costs in China, Korea, Thailand, India and other low-cost countries. As a result, there is potentially increased competition from suppliers that have manufacturing operations in low-cost countries. The loss of any significant production contract to a competitor in low cost countries or significant costs and risks incurred to enter and carry on business in these countries could have an adverse effect on profitability.

The Company's Ability to Shift its Manufacturing Footprint to Take Advantage of Opportunities in Growing Markets

Many of the Company's customers have sought, and will likely continue to seek to take advantage of lower operating costs and/or other advantages in Mexico, China, India, Brazil, Russia, South Korea and other growing markets. While the Company continues to expand its manufacturing footprint with a view to taking advantage of manufacturing opportunities in some of these markets, the Company cannot guarantee that it will be able to fully realize such opportunities. The inability to quickly adjust its manufacturing footprint to take advantage of manufacturing opportunities in these markets could harm its ability to compete with other suppliers operating in or from such markets, which could have an adverse effect on its profitability. The loss of any significant production contract to a competitor in a lower-cost market or the significant costs and risks incurred to follow a customer into and carry on business in these growing markets could have an adverse effect on the Company's profitability.

Change in the Company's Mix of Earnings Between Jurisdictions with Lower Tax Rates and Those with Higher Tax Rates

The Company's effective tax rate varies in each country in which it conducts business. Changes in its mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on the Company's profitability.

Pension Plans and Other Post-Employment Benefits

The Company's pension plans acquired as a result of the acquisition of the North American body and chassis business of ThyssenKrupp Budd in 2006 (the "TKB Acquisition") traditionally has had an aggregate funding deficiency. However, as at the latest measurement date of December 31, 2025, based on an actuarial estimate for financial reporting, there is a surplus on a solvency basis. Based on interest rates, benefits and projected investment returns, the Company is often obligated to fund some amounts in any particular year. A significant portion of the estimated funding is expected to be a payment towards the reduction of the unfunded liabilities. An unfunded liability could increase due to a decline in interest rates, investment returns at less than the actuarial assumptions, or changes to the governmental regulations governing funding and other factors. The Company could be adversely affected by the resulting increases in annual funding obligations. See also Note 14 ("Pension and Other Post-Retirement Benefits") to the Company's consolidated financial statements for the year ended December 31, 2025, which reflects the financial position of the Company's defined benefit pension plan and other post-employment benefit plans at December 31, 2025.

The Company provides certain post-employment benefits to certain of its retirees acquired as a result of the TKB Acquisition. These benefits include drug and hospitalization coverage. The Company does not pre-fund these obligations. At December 31, 2025, the unfunded actuarial liability for these obligations was significant. Expected benefit payments for 2026 and beyond are significant. The Company's obligation for these benefits could increase in the future due to a number of factors including changes in interest rates, changes to the collective bargaining agreements, increasing costs for these benefits, particularly drugs, and any transfer of costs currently borne by government to the Company. The Company has in the past negotiated changes to its post-employment benefits package in several of its facilities with its employees, in conjunction with the applicable union for the facility, setting maximum limits on future post-employment benefits payments. The Company may negotiate similar arrangements in future in respect of such benefits at other facilities, as applicable. See also Note 14 ("Pension and Other-Post Retirement Benefits") to the Company's consolidated financial statements for the year ended December 31, 2025, which reflect the financial position of the Company's post-employment benefits other than pension plans at December 31, 2025.

Dividends

The declaration and payment of dividends, including the dividend rate, is subject to the Board's discretion taking into account the Company's cash flow, capital requirements, financial condition and other factors the Board considers relevant. These factors are, in turn, subject to various risks, including the risk factors set out above. While the Company aims to pay a consistent dividend and may increase the dividend over time, the Company's Board may in certain circumstances determine that it is in the best interests of the Company to reduce or suspend the dividend. In such event, the trading price of the Common Shares of the Company may be materially affected.

Lease Obligations

The Company leases much of its manufacturing facilities and some of its capital equipment. A failure to pay the Company's lease obligations may constitute a default allowing the applicable landlord or lessor to pursue remedies available to it under the Company's leases and applicable law, which could include taking possession of property that the Company utilizes in its business resulting in the Company's failure to supply customers and, in the case of facility leases, evicting the Company, which could have a material adverse effect on the Company's business, financial condition and results of operations. The terms and restrictions of certain of the Company's facilities leases, may present significant challenges and costs to the Company if it were to attempt to restructure or downsize its business, including the inability to sublease any of the leased premises or relocate certain of its manufacturing facilities.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 5, 2026, the Company had 72,009,150 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at March 5, 2026, options to acquire 1,995,000 common shares were outstanding.

On April 29, 2024, the Company renewed its normal course issuer bid ("NCIB") receiving approval from the Toronto Stock Exchange ("TSX") to acquire for cancellation up to an additional 6,435,000 common shares of the Company. The renewed bid commenced on May 2, 2024 and spanned a 12-month period.

During 2024, the Company purchased for cancellation an aggregate of 5,378,592 common shares for an aggregate purchase price of \$62.5 million resulting in a reduction to capital stock of \$44.4 million and a decrease to retained earnings of \$18.1 million. The shares were purchased and cancelled directly under the NCIB.

On May 23, 2025, the Company renewed the NCIB receiving approval from the TSX to acquire for cancellation up to an additional 7,110,571 common shares of the Company. The renewed bid commenced on May 27, 2025 and spans a 12-month period.

During 2025, the Company purchased for cancellation an aggregate of 778,698 common shares for an aggregate purchase price of \$8.2 million resulting in a reduction to capital stock of \$6.4 million and a decrease to retained earnings of \$1.7 million. The shares were purchased and cancelled directly under the NCIB.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

At December 31, 2025, the Company had contractual obligations requiring annual payments as follows (all figures in thousands):

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter	Total
Purchase obligations (i)	\$ 385,590	\$ 3,994	\$ 973	\$ 276	\$ 24	\$ -	\$ 390,857
Long-term debt	13,424	819,646	10,401	10,970	14,368	-	868,809
Contractual lease obligations	71,047	63,655	41,828	30,094	25,525	57,009	289,158
Total Contractual obligations	\$ 470,061	\$ 887,295	\$ 53,202	\$ 41,340	\$ 39,917	\$ 57,009	\$ 1,548,824

(i) Purchase obligations consist of those related to inventory, services, tooling and fixed assets in the ordinary course of business.

Guarantees

The Company has negotiated tool financing facilities that provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to

the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet unless the sale on the corresponding tooling project has been recognized, at which point a tooling trade payable on the project is recorded. At December 31, 2025, the amount of the off-balance sheet program financing was \$9.8 million (December 31, 2024 - \$9.9 million) representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically range up to twenty-four months.

Hedge Accounting

The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates.

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and the strategy for undertaking the hedge. The documentation identifies the specific net investment or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

At inception and each reporting date, the Company formally assesses the effectiveness of these designated hedges.

Net investment hedges

The Company continues to use some portion of its US denominated long-term debt to manage foreign exchange rate exposures on net investments in certain US operations.

The change in fair value of the hedging US debt is recorded, to the extent effective, directly in other comprehensive income (loss). These amounts will be recognized in profit or loss as and when the corresponding accumulated other comprehensive income (loss) from the hedged foreign operations is recognized in profit or loss. The Company has not identified any ineffectiveness in these hedge relationships as at December 31, 2025.

Sale of Receivables

Trade receivables are derecognized when the Company transfers the trade receivables and substantially all the risks and rewards of ownership of the financial 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 recognizes a financial liability for the proceeds received.

Financial Instruments

The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures. It is the Company's policy to not utilize financial instruments for trading or speculative purposes.

At December 31, 2025, the Company had committed to the following foreign exchange contracts:

Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss

Currency - Buy/Sell	For U.S. dollars		For Canadian dollars		Maximum period in months
	Amount of U.S. dollars	Weighted average exchange rates	Amount of CAD	Weighted average exchange rates	
Buy Mexican Peso	\$ 7,890	\$ 19.0124	\$ -	-	1
Sell Euro	-	-	3,347	1.6263	1
Sell Chinese Yuan	5,500	0.1420	-	-	1
Sell Brazilian Real	4,000	0.1835	-	-	1

The aggregate value of these forward contracts as at December 31, 2025 was a pre-tax gain of \$0.8 million and was recorded in trade and other receivables (December 31, 2024 - pre-tax gain of \$2.3 million recorded in trade and other receivables).

INVESTMENTS

	December 31, 2025	December 31, 2024
Investment in common shares of NanoXplore Inc.	\$ 54,120	\$ 51,462
Investment in shares of AlumaPower Corporation.	4,036	4,036
Investment in shares and convertible notes of Equispheres Inc.	10,030	9,030
Other	3,789	850
	\$ 71,975	\$ 65,378

As at December 31, 2025, the Company held a 22.5%, 11.7%, and 6.8% equity interest (on a non-diluted basis) in NanoXplore Inc. ("NanoXplore"), AlumaPower Corporation ("AlumaPower"), and Equispheres Inc. ("Equispheres"), respectively. NanoXplore is a publicly listed company on the Toronto Stock Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high-volume graphene powder for use in transportation and industrial markets providing customers with standard and custom graphene-enhanced plastic and composite products. NanoXplore is also a silicon-graphene-enhanced Li-ion battery manufacturer for the electric vehicle and grid storage markets. AlumaPower is a private company developing aluminum air battery technology for a variety of end markets, including automotive. Equispheres is a private company developing technologies for the production and use of advanced materials in additive manufacturing.

On October 30, 2025, the Company acquired an additional 2,343,750 common shares in NanoXplore pursuant to a private placement offering at a price of \$2.40 per common share for an aggregate purchase price of \$5.6 million. Upon finalization of the transaction, the Company's net ownership interest remained at 22.5%.

The Company applies equity accounting to its equity investment in NanoXplore based on its financial statements for the period from October 1, 2024, to September 30, 2025, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest. The shares in AlumaPower and Equispheres are classified as fair value through other comprehensive income, while the convertible notes in Equispheres are classified as amortized cost. Accordingly, the shares are recorded at their fair value at the end of each reporting period, with the change in fair value recorded in other comprehensive income (loss), while the convertible notes are recorded at amortized cost using the effective interest rate method, less any impairment losses.

Movement in the Company's equity-accounted investment is summarized as follows:

	Investment in common shares of NanoXplore
Net as of December 31, 2023	\$ 54,384
Share of loss for the period	(2,904)
Share of other comprehensive loss for the period	(18)
Net as of December 31, 2024	\$ 51,462
Additions	5,625
Share of loss for the period	(2,926)
Share of other comprehensive loss for the period	(41)
Net as of December 31, 2025	\$ 54,120

As at December 31, 2025, the market value of the shares held in NanoXplore by the Company was \$104.5 million. The Company's known maximum exposure to loss approximated the carrying value of its investment balance as at December 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be publicly disclosed by a public company is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of December 31, 2025, based on the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") by and under the supervision of the Company's management, including the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures (as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators) are effective in providing reasonable assurance that material information relating to the Company is made known to them and information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in such legislation.

Under the supervision of the CEO and CFO, the Company has designed internal controls over financial reporting (as defined in National Instrument 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management team used COSO to design the Company's internal controls over financial reporting.

The CEO and CFO have caused an evaluation of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2025. This evaluation included documentation activities, management inquiries, tests of controls and other reviews as deemed appropriate by management in consideration of the size and nature of the Company's business including those matters described above. Based on that evaluation the CEO and the CFO concluded that the design and operating effectiveness of internal controls over financial reporting was effective as at December 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

It is important to understand that there are inherent limitations of internal controls as stated within COSO. Internal controls no matter how well designed and operated can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity's objectives. A system of controls, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that an organization's disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. Even disclosure controls and procedures and internal control over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives.

ACQUISITION

On October 20, 2025, the Company acquired certain assets and assumed certain liabilities of Lyseon North America, Inc. (“Lyseon”). Lyseon operated a plant in Tulsa, Oklahoma, and was engaged primarily in manufacturing metal parts and assemblies for the bus market. The net cash purchase price for the transaction was US \$1.3 million (\$1.8 million), including working capital, and on a debt free basis.

SUBSEQUENT EVENT

On February 5, 2026, the Company entered into an agreement to sell one of its plants in China for CNY ¥8.0 million (\$1.6 million). The transaction is expected to close in the second quarter of 2026 subject to various closing conditions, including government approval in China and, as such, there can be no assurance that the transaction will ultimately be consummated.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. The discussion below describes the Company's material policies and procedures for the year ended December 31, 2025.

The Company's management bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. On an ongoing basis, management evaluates these estimates. However, actual results may differ from these estimates under different assumptions or conditions. In making and evaluating its estimates, management also considers economic conditions generally and in the automotive industry in particular, which have more recently been very different from historical patterns, as well as industry trends and the risks and uncertainties involved in its business that could materially affect the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. See “Automotive Industry Highlights and Trends” in the Company's AIF and “Risks and Uncertainties and Trends” above.

Management believes that the accounting estimates discussed below are critical to the Company's business operations and an understanding of its results of operations or may involve additional management judgment due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed its disclosure relating to critical accounting estimates in this MD&A.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment of the asset or CGU. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the carrying amounts of the CGUs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Management believes that accounting estimates related to the impairment of non-financial assets and potential reversal are critical accounting estimates because: (i) they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, insourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on consolidated net income (loss) and on the amount of assets reported on the Company's consolidated balance sheet.

Income Tax Estimates

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgment 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.

The Company is required to estimate the tax basis of assets and liabilities. The assessment for the recognition of a deferred tax asset requires significant judgment. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. 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.

At December 31, 2025, the Company had recorded a net deferred income tax asset in respect of pensions and other post-retirement benefits, loss carry-forwards and other temporary differences of \$184.9 million (2024 - \$167.9 million). Deferred tax assets in respect of loss carry-forwards relate to legal entities in Canada, the United States, Mexico and Europe. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The factors used to assess the probability of realization are the Company's forecast of future taxable income, the pattern and timing of reversals of taxable temporary differences that give rise to deferred tax liabilities 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 in order to avoid the potential loss of benefits.

Revenue Recognition

The Company recognizes sales from two categories of goods: production (including finished production parts, assemblies and modules), and tooling. Revenue for these goods is recognized at the point in time control of the goods is transferred to the customer.

Control of finished production parts, assemblies and modules transfers when the goods are shipped from the Company's manufacturing facilities to the customer. Control of tooling transfers when the tool has been accepted by the customer. For certain tooling contracts for which the customer makes progress payments in advance of obtaining control of the tool, the Company recognizes a liability for the

progress payments until the performance obligation is complete. Such payments from the customer generally do not contain a financing component.

Revenue and cost of sales from tooling contracts are presented on a gross basis in the consolidated statements of operations. Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. In the case of tooling work in progress inventory that is internally developed, cost includes directly attributable labour as well as overhead. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. Judgment is required in determining the appropriateness of costs included in tooling work in progress inventory. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost overruns, non-reimbursable costs, change orders and potential price changes.

Employee Future Benefits

The Company provides pensions and other post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligation and expense for defined benefit pension plans and post-employment benefits is dependent on the selection of certain assumptions used by the Company's actuaries in calculating such amounts. Those assumptions are disclosed in Note 14 to the Company's consolidated financial statements for the year ended December 31, 2025 the most significant of which are the discount rate and the rate of increase in the cost of health care. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses which are recognized in other comprehensive income (loss) as they arise. The significant actuarial assumptions adopted are internally consistent and reflect the long-term nature of employee future benefits. Significant changes in assumptions could materially affect the Company's employee benefit obligations and future expense.

Intangible Assets

The Company's intangible assets are comprised of development costs.

Development costs are capitalized when the Company can demonstrate that:

- the development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- the future economic benefits are probable; and
- the Company intends and has sufficient resources to complete the development of and to use or sell the asset.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in research and development costs in the consolidated statement of operations.

Expenditure on research activities, including costs of market research and new product prototyping during the marketing stage, is recognized in profit or loss when incurred.

RECENTLY ADOPTED AND APPLICABLE ACCOUNTING STANDARDS AND POLICIES

IFRS 9 Financial Instruments - Hedge Accounting

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding IAS 39 Financial Instruments: Recognition and Measurement standard. IFRS 9 includes a new general hedge accounting standard which aligned hedge accounting more closely with risk management objectives and strategy. IFRS 9 also updated the hedge effectiveness assessment approach to apply a more qualitative and forward-looking approach to assess the effectiveness of a hedging relationship.

Effective January 1, 2025, the Company adopted the new general hedge accounting model under IFRS 9, as a replacement for the hedge accounting requirements of IAS 39. The Company has applied new hedge accounting model to all designated hedge accounting relationships prospectively. The adoption of the amendments to these standards did not have a material impact on the consolidated financial statements in the current or comparative periods.

IFRS 18, Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (replacement to IAS 1). The new accounting standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

- improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact of the new standard on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7, Classification and Measurements of Financial Instruments

On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments include:

- clarifying the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance targets); and
- updating the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026. The adoption of amendments to IFRS 9 and IFRS 7 is not expected to have a material impact on the consolidated financial statements.

Selected Annual Information

The following table sets forth selected information from the Company's consolidated financial statements for the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

	2025	2024	2023
Sales	\$ 4,821,851	\$ 5,014,127	\$ 5,340,003
Gross Margin	647,061	648,557	675,397
Operating Income	192,474	124,608	269,114
Net Income (Loss) for the year	106,985	(34,546)	153,665
Net Earnings (Loss) per Share - Basic and Diluted	\$ 1.47	\$ (0.46)	\$ 1.93
Non-IFRS Measures*			
Adjusted Operating Income	\$ 268,108	\$ 266,698	\$ 297,275
% of Sales	5.6 %	5.3 %	5.6 %
Adjusted EBITDA	582,744	614,758	616,678
% of Sales	12.1 %	12.3 %	11.5 %
Adjusted Net Income	163,328	91,041	176,492
Adjusted Net Earnings per Share - Basic	\$ 2.25	\$ 1.21	\$ 2.22
Adjusted Net Earnings per Share - Diluted	\$ 2.25	\$ 1.20	\$ 2.22
Total Assets	\$ 3,737,779	\$ 3,820,794	\$ 3,989,730
Cash and Cash Equivalents	174,144	167,951	186,804
Total Long-Term Debt	868,809	981,414	969,236
Dividends Declared	14,519	14,921	15,846

The year-over-year trends in the selected information above have been discussed previously in this MD&A, as well as the MD&A from December 31, 2024, including adjustments in Table B under "Adjustments to Net Income (Loss)".

***Non-IFRS Measures**

The Company prepares its consolidated financial statements in accordance with IFRS. However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income (Loss)", "Adjusted Net Earnings (Loss) per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow (after IFRS 16 lease payments)", and "Net Debt". Refer to "Overall Results" and "Liquidity and Capital Resources" sections of this MD&A for a full reconciliation of the Non-IFRS measures for the years ended December 31, 2025 and 2024 and the Company's MD&A for the year ended December 31, 2024, as previously filed and available at www.sedarplus.ca, for a full reconciliation of the Non-IFRS measures for the year ended December 31, 2023.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws, including, but not limited to, statements related to the outlook and growth of the automotive industry, the future investments in leading edge technology, opportunities to increase sales, expand the customer base and growth of the Company and pursuit of and belief in its strategies, the impact and duration of supply chain issues, global trade and tariff issues, and other statements under Recent Developments, including potential impact on the business, the Company's ability to be a consistent Free Cash Flow generator and its belief in the sufficiency of its liquidity of operating cash flow to meet its needs and other related statements, the execution of the Company's strategy. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on

estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the Company's AIF and this MD&A for the year ended December 31, 2025 and other public filings which can be found at www.sedarplus.ca:

- North American and Global Economic and Political Conditions (including war) and Consumer Confidence
- Automotive Industry Risks
- Trade Restrictions or Disputes
- Changes in Laws and Governmental Regulations
- Dependence Upon Key Customers
- Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions (Material Availability or Disruption)
- Semiconductor Chip Shortages and Price Increases
- Inflationary Pressures
- Regional Energy Shortages
- Russia and Ukraine War and Middle East War
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Competition
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders
- Potential Volatility of Share Prices
- Fluctuations in Operating Results
- Material and Commodity Prices and Volatility
- Scrap Steel/Aluminum Price Volatility
- Quote/Pricing Assumptions
- Launch Costs, Operational Costs and Issues and Cost Structure
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges
- Return on Capital Investment
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change (Including Artificial Intelligence and Electrification)
- Cybersecurity Threats
- A Shift Away from Technologies in Which the Company is Investing
- Dependence Upon Key Personnel
- Limited Financial Resources/Uncertainty of Future Financing/Banking
- Acquisitions
- Joint Ventures
- Private or Public Equity Investments in Technology Companies
- Potential Tax Exposures
- Labour Relations Matters
- Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues
- Litigation and Regulatory Compliance and Investigations
- Anti-Trust and Competition Law Enforcement
- Risks of Conducting Business in Foreign Countries, Including China, Brazil, Mexico and Other Growing Markets
- Currency Risk
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

- Loss of Use of Key Manufacturing Facilities
- Intellectual Property
- Availability of Consumer Credit or Cost of Borrowing
- Evolving Business Risk Profile
- Competition with Low-Cost Countries
- The Company's Ability to Shift its Manufacturing Footprint to Take Advantage of Opportunities in Growing Markets
- Change in the Company's Mix of Earnings Between Jurisdictions with Lower Tax Rates and Those with Higher Tax Rates
- Pension Plans and Other Post-Employment Benefits
- Dividends
- Lease Obligations

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



**MARTINREA INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2025

Martinrea International Inc.

Table of Contents

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2
Consolidated Balance Sheets	7
Consolidated Statements of Operations	8
Consolidated Statements of Comprehensive Income	9
Consolidated Statements of Changes in Equity	10
Consolidated Statements of Cash Flows	11
Notes to the Consolidated Financial Statements	
1. Basis of preparation	12
2. Material accounting policies	13
3. Trade and other receivables	21
4. Inventories	22
5. Property, plant and equipment	22
6. Right-of-use assets	23
7. Intangible assets	23
8. Investments	24
9. Impairment of assets	24
10. Trade and other payables	25
11. Provisions	25
12. Long-term debt	26
13. Lease liabilities	27
14. Pensions and other post-retirement benefits	28
15. Income taxes	31
16. Capital stock	33
17. Earnings (loss) per share	36
18. Research and development costs	36
19. Personnel expenses	36
20. Finance expense and other finance income (expense)	37
21. Operating segments	37
22. Financial instruments	38
23. Commitments and contingencies	42
24. Guarantees	43
25. Transactions with key management personnel	43
26. Acquisition	44
27. Subsequent event	44

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Martinrea International Inc. are the responsibility of management and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect best estimates based on management's judgment. In addition, all other information contained in the annual report to shareholders and Management Discussion and Analysis for the year ended December 31, 2025 is also the responsibility of management. The Company maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information provided is accurate and complete and that all assets are properly safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting, for overseeing management's performance of its financial reporting responsibilities, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors delegates certain responsibility to the Audit Committee, which is comprised of independent non-management directors. The Audit Committee meets with management and KPMG LLP, the external auditors, multiple times a year to review, among other matters, accounting policies, any observations relating to internal controls over the financial reporting process that may be identified during the audit, as influenced by the nature, timing and extent of audit procedures performed, annual consolidated financial statements, the results of the external audit and the Management Discussion and Analysis included in the report to shareholders for the year ended December 31, 2025. The external auditors and internal auditors have unrestricted access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors so that the Board may properly approve the consolidated financial statements for issuance to shareholders.

(Signed) "*Pat D'Eramo*"

(Signed) "*Peter Cirulis*"

Pat D'Eramo

Peter Cirulis

Chief Executive Officer

Chief Financial Officer

Martinrea International Inc.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Cash and cash equivalents		\$ 174,144	\$ 167,951
Trade and other receivables	3	591,586	613,505
Inventories	4	474,224	508,231
Prepaid expenses and deposits		40,707	33,599
Income taxes recoverable		42,205	12,784
TOTAL CURRENT ASSETS		1,322,866	1,336,070
Property, plant and equipment	5	1,847,262	1,949,004
Right-of-use assets	6	229,084	215,802
Deferred tax assets	15	211,405	199,512
Intangible assets	7	36,650	37,535
Investments	8	71,975	65,378
Pension assets	14	18,537	17,493
TOTAL NON-CURRENT ASSETS		2,414,913	2,484,724
TOTAL ASSETS		\$ 3,737,779	\$ 3,820,794
LIABILITIES			
Trade and other payables	10	\$ 1,010,928	\$ 1,024,716
Provisions	11	20,110	6,862
Income taxes payable		9,873	25,332
Current portion of long-term debt	12	13,424	10,445
Current portion of lease liabilities	13	59,237	54,235
TOTAL CURRENT LIABILITIES		1,113,572	1,121,590
Long-term debt	12	855,385	970,969
Lease liabilities	13	191,919	189,176
Pension and other post-retirement benefits	14	37,874	40,384
Deferred tax liabilities	15	26,543	31,653
TOTAL NON-CURRENT LIABILITIES		1,111,721	1,232,182
TOTAL LIABILITIES		2,225,293	2,353,772
EQUITY			
Capital stock	16	594,756	601,188
Contributed surplus		46,760	46,052
Accumulated other comprehensive income		168,628	210,821
Retained earnings		702,342	608,961
TOTAL EQUITY		1,512,486	1,467,022
TOTAL LIABILITIES AND EQUITY		\$ 3,737,779	\$ 3,820,794

Commitments and contingencies (note 23)

Subsequent events (notes 12 and 27)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Robert Wildeboer" Director

"Terry Lyons" Director

Martinrea International Inc.

Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
SALES		\$ 4,821,851	\$ 5,014,127
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(3,885,081)	(4,046,631)
Depreciation of property, plant and equipment and right-of-use assets (production)		(289,709)	(318,939)
Total cost of sales		(4,174,790)	(4,365,570)
GROSS MARGIN		647,061	648,557
Research and development costs	18	(41,890)	(42,231)
Selling, general and administrative		(320,416)	(321,577)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(15,128)	(16,540)
Loss on disposal of property, plant and equipment		(1,519)	(1,511)
Restructuring costs	11	(36,118)	(12,644)
Impairment of assets	9	(39,516)	(129,446)
OPERATING INCOME		192,474	124,608
Share of loss of equity investments	8	(2,926)	(2,904)
Finance expense	20	(64,242)	(76,014)
Other finance income (expense)	20	(3,378)	6,913
INCOME BEFORE INCOME TAXES		121,928	52,603
Income tax expense	15	(14,943)	(87,149)
NET INCOME (LOSS) FOR THE PERIOD		\$ 106,985	\$ (34,546)
Basic earnings (loss) per share	17	\$ 1.47	\$ (0.46)
Diluted earnings (loss) per share	17	\$ 1.47	\$ (0.46)

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

	Year ended December 31, 2025	Year ended December 31, 2024
NET INCOME (LOSS) FOR THE PERIOD	\$ 106,985	\$ (34,546)
Other comprehensive income (loss), net of tax:		
Items that may be reclassified to net income (loss)		
Foreign currency translation differences for foreign operations	(42,157)	115,084
Items that will not be reclassified to net income (loss)		
Share of other comprehensive loss of equity investments (note 8)	(36)	(16)
Remeasurement of defined benefit plans	2,651	(1,762)
Other comprehensive income (loss), net of tax	(39,542)	113,306
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 67,443	\$ 78,760

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2023	\$ 645,256	\$ 45,903	\$ 95,753	\$ 678,269	\$ 1,465,181
Net loss for the period	-	-	-	(34,546)	(34,546)
Compensation expense related to stock options	-	229	-	-	229
Dividends (\$0.20 per share)	-	-	-	(14,921)	(14,921)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 16)	(44,418)	-	-	(18,079)	(62,497)
<u>Other comprehensive income (loss) net of tax</u>					
Remeasurement of defined benefit plans	-	-	-	(1,762)	(1,762)
Foreign currency translation differences	-	-	115,084	-	115,084
Share of other comprehensive loss of equity investments	-	-	(16)	-	(16)
BALANCE AT DECEMBER 31, 2024	601,188	46,052	210,821	608,961	1,467,022
Net income for the period	-	-	-	106,985	106,985
Compensation expense related to stock options	-	708	-	-	708
Dividends (\$0.20 per share)	-	-	-	(14,519)	(14,519)
Repurchase of common shares (note 16)	(6,432)	-	-	(1,736)	(8,168)
<u>Other comprehensive income (loss) net of tax</u>					
Remeasurement of defined benefit plans	-	-	-	2,651	2,651
Foreign currency translation differences	-	-	(42,157)	-	(42,157)
Share of other comprehensive loss of equity investments	-	-	(36)	-	(36)
BALANCE AT DECEMBER 31, 2025	\$ 594,756	\$ 46,760	\$ 168,628	\$ 702,342	\$ 1,512,486

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES:			
Net income (loss) for the period		\$ 106,985	\$ (34,546)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		304,837	335,479
Amortization of development costs		8,280	11,070
Impairment of assets	9	39,516	129,446
Unrealized gain on foreign exchange forward contracts		(839)	(2,286)
Finance expense	20	64,242	76,014
Income tax expense	15	14,943	87,149
Loss on disposal of property, plant and equipment		1,519	1,511
Deferred and restricted share units expense	16	12,908	4,367
Stock options expense	16	708	229
Share of loss of equity investments	8	2,926	2,904
Pension and other post-retirement benefits expense	14	2,475	1,903
Contributions made to pension and other post-retirement benefits	14	(2,552)	(3,734)
		555,948	609,506
Changes in non-cash working capital items:			
Trade and other receivables		14,479	130,338
Inventories		21,293	90,588
Prepaid expenses and deposits		(7,542)	1,776
Trade, other payables and provisions		(7,081)	(246,418)
		577,097	585,790
Interest paid		(70,442)	(85,902)
Income taxes paid		(76,170)	(66,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 430,485	\$ 433,285
FINANCING ACTIVITIES:			
Decrease in long-term debt (net of deferred financing fees)		(69,337)	(24,917)
Equipment loan repayments		(16,685)	(13,990)
Principal payments of lease liabilities		(56,889)	(52,330)
Dividends paid		(14,558)	(15,188)
Exercise of employee stock options		-	270
Repurchase of common shares		(8,008)	(61,279)
NET CASH USED IN FINANCING ACTIVITIES		\$ (165,477)	\$ (167,434)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment (excluding capitalized interest)*		(237,713)	(275,521)
Acquisition	26	(1,754)	-
Capitalized development costs		(9,184)	(7,228)
Increase in investments	8	(9,564)	(8,130)
Proceeds on disposal of property, plant and equipment		869	5,383
NET CASH USED IN INVESTING ACTIVITIES		\$ (257,346)	\$ (285,496)
Effect of foreign exchange rate changes on cash and cash equivalents		(1,469)	792
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,193	(18,853)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		167,951	186,804
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 174,144	\$ 167,951

*As at December 31, 2025, \$51,215 (December 31, 2024 - \$78,547) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables.

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Martinrea International Inc. ("Martinrea" or the "Company") was formed by the amalgamation under the Ontario Business Corporations Act of several predecessor Corporations by articles of amalgamation dated May 1, 1998. The Company is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems.

1. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended December 31, 2025 were approved by the Board of Directors on March 5, 2026.

(b) Presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts and where otherwise indicated.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, sales and expenses and the related disclosures with respect to contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (assumptions made are disclosed in individual notes throughout the financial statements where relevant):

- Estimates of the economic life of property, plant and equipment and intangible assets;
- Estimates involved in the measurement of lease liabilities and associated right-of-use-assets;
- Estimates of income taxes. The Company is subject to income taxes in numerous jurisdictions. 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 tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized;
- Estimates used in assessing non-financial assets for impairment indicators and testing for impairment including the recoverability of development costs. Key assumptions include projected future sales and earnings, discount rates, and long-term growth rates;
- Assumptions employed in the actuarial calculation of pension and other post-retirement benefits. The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service, and the Company's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a significant effect on the amount of plan liabilities and service costs. The Company employs external experts when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. To the extent that these estimates differ from those realized, employee benefit plan liabilities and comprehensive income will be affected in future periods;
- Revenue recognition on separately-priced tooling contracts. Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. When the current estimates of total contract revenue and total contract costs indicate a loss, a

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecast loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes; and

- Estimates used in determining the fair value of stock option and performance share unit grants. These estimates include assumptions about the volatility of the Company's stock, forfeiture rates, and expected life of the options/units granted, where relevant.

Information about significant areas of critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (judgments made are disclosed in individual notes throughout the financial statements where relevant):

- Accounting for provisions including assessments of possible legal and tax contingencies, and restructuring. Whether an outflow of resources to settle a present obligation is probable or not, requires judgment. The nature and type of risks for these provisions differ and judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not;
- Accounting for development costs – judgment is required to assess the division of activities between research and development, technical and commercial feasibility, and the availability of future economic benefit;
- Judgments in determining the appropriateness of costs included in tooling work in progress inventory;
- Judgments in determining the timing of revenue recognition for tooling sales;
- Judgments in determining whether sales contracts contain material rights;
- The determination of the Company's cash generating units ("CGU") for impairment testing; and
- Judgments in determining whether internal and external sources of information result in indicators of impairment or indicators of reversal.

The decisions made by the Company in each instance are set out under the various accounting policies in these notes.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Each subsidiary of the Company maintains its accounting records in its functional currency. A subsidiary's functional currency is the currency of the principal economic environment in which it operates.

(i) Foreign currency transactions

Transactions carried out in foreign currencies are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated at the exchange rate at that date. The foreign currency gain or loss on such monetary items is recognized as income or expense for the period. Non-monetary assets and liabilities denominated in a foreign currency are translated at the historical exchange rate prevailing at the transaction date.

(ii) Translation of financial statements of foreign operations

The assets and liabilities of subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations whose functional currency is not the Canadian dollar are translated to Canadian dollars at the exchange rate prevailing on the date of transaction.

Foreign currency differences on translation are recognized in other comprehensive income (loss) in the cumulative translation account net of income tax.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

(c) Financial instruments

(i) Financial assets and liabilities

The Company recognizes financial assets and financial liabilities initially at fair value and subsequently measures these at either fair value or amortized cost based on their classification as described below:

Fair value through profit or loss (FVTPL):

Financial assets and financial liabilities purchased or incurred, respectively, with the intention of generating earnings in the near term, and derivatives other than cash flow hedges, are classified as FVTPL. This category includes cash and cash equivalents, and derivative instruments that do not qualify for hedge accounting. For items classified as FVTPL, the Company initially recognizes such financial assets on the consolidated balance sheet at fair value and recognizes subsequent changes in the consolidated statement of operations. Transaction costs incurred are expensed in the consolidated statement of operations. The Company does not currently hold any liabilities designated as FVTPL.

Fair value through other comprehensive income:

This category includes investments in equity securities. Subsequent to initial recognition, they are measured at fair value on the consolidated balance sheet and changes therein are recognized in other comprehensive income (loss). When an investment is derecognized, the accumulated gain or loss in other comprehensive income (loss) is transferred to the consolidated statement of operations.

Amortized cost:

The Company classifies financial assets held to collect contractual cash flows at amortized cost, including trade and other receivables and investments in convertible notes. The Company initially recognizes the carrying amount of such assets on the consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measures these at amortized cost using the effective interest rate method, less any impairment losses.

Other financial liabilities:

This category is for financial liabilities that are not classified as FVTPL and includes trade and other payables and long-term debt. These financial liabilities are recorded at amortized cost on the consolidated balance sheet.

(ii) Impairment of financial assets

A forward-looking "expected credit loss" (ECL) model is used in determining the allowance for doubtful accounts as it relates to trade and other receivables. The Company's allowance is determined by historical experiences, and considers factors including the aging of the balances, the customer's credit-worthiness, and updates based on the current economic conditions, expectation of bankruptcies, and the political and economic volatility in the markets/location of customers.

(iii) Derivative financial instruments not accounted for as hedges

The Company periodically uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar. Such derivative financial instruments are classified as FVTPL, initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value being recognized immediately in the consolidated statement of operations.

(iv) Hedge accounting

The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates.

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and the strategy for undertaking the hedge. The documentation identifies the specific net investment or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

At inception and each reporting date, the Company formally assesses the effectiveness of these designated hedges.

Net investment hedges

The Company continues to use some portion of its US denominated long-term debt to manage foreign exchange rate exposures on net investments in certain US operations.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

The change in fair value of the hedging US debt is recorded, to the extent effective, directly in other comprehensive income (loss). These amounts will be recognized in profit or loss as and when the corresponding accumulated other comprehensive income (loss) from the hedged foreign operations is recognized in profit or loss. The Company has not identified any ineffectiveness in these hedge relationships as at December 31, 2025.

(v) Sale of receivables

Trade receivables are derecognized when the Company transfers the trade receivables and substantially all the risks and rewards of ownership of the financial 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 recognizes a financial liability for the proceeds received.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of material and labour and other costs directly attributable to bringing the asset to a working condition for its intended use.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, Property, plant and equipment, this tooling is recognized as property, plant and equipment. It is depreciated to match the lesser of estimated useful life and life of the program.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within profit or loss.

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment as part of the cost of that asset. Capitalized borrowing costs are amortized over the useful life of the related asset.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and repair 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.

(iii) Depreciation

Depreciation is recognized in profit or loss over the estimated useful life of each item of property, plant and equipment, since this period most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is recorded on the following bases and at the following rates:

	Basis	Rate
Buildings	Declining balance	4%
Leasehold improvements	Straight-line	Lesser of estimated useful life and lease term
Manufacturing equipment	Declining balance and straight line	5% to 20%
Tooling and fixtures	Straight-line	Lesser of estimated useful life and life of program
Other	Declining balance and straight line	20% to 30%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

(e) Intangible assets

The Company's intangible assets are composed of development costs.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalized only if:

- the development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- the future economic benefits are probable; and
- the Company intends and has sufficient resources to complete the development of and to use or sell the asset.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in research and development costs in the consolidated statement of operations.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

(f) Inventories

Inventories are classified by the stage of production in their current location, and measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other direct costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads, including depreciation, based on normal operating capacity. In the case of tooling work in progress inventory that is internally developed, cost includes directly attributable labour as well as overhead.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the net realizable value, the Company considers factors such as yield, turnover, expected future demand and past experience. Impairment losses are recognized on the basis of net realizable value.

(g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract: involves the use of an identified asset; provides the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and provides the right to direct the use of the asset.

A right-of-use asset and lease liability are recorded on the date that the underlying asset is available for use, representing the commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that are tied to an index or rate defined in the contract;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably likely to exercise; and
- lease payments under an optional extension if the Company is reasonably certain to exercise the extension option, and early termination penalties required under a termination of a lease unless the Company is reasonably certain not to terminate early.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether or not it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, consisting of:

- the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, when the Company is reasonably certain to exercise the option to extend; and periods covered by options to terminate the lease, when the Company is reasonably certain not to exercise the option. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability as described above.

Short-term and low-value leases

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases (i.e., those leases that have a lease term of twelve months or less) and leases with assets of low value (i.e., those assets with a fair market value of less than US\$5). The expenses associated with such leases are recognized in the consolidated statement of operations on a straight-line basis over the lease term.

Variable lease payments

Certain leases contain provisions that result in changes to lease payments over the term in relation to market indices quoted in the contract. The Company reassesses the lease liabilities related to these leases when the index or other data is available to calculate the change in lease payment.

Certain leases require the Company to make payments that relate to property taxes, insurance, or other non-rental costs. These costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability, but are recorded as an expense in cost of sales in the consolidated statement of operations in the period in which they are incurred.

(h) **Investments in Associates**

Associates are entities over which the Company has significant influence, but not control, on financial and operating policy decisions. Significant influence is assumed when the Company holds 20% to 50% of the voting power of the investee, unless qualitative factors overcome this presumption. Similarly, significant influence is presumed not to exist when the Company holds less than 20% of the voting power of the investee, unless qualitative factors overcome this presumption.

Interests in associates are accounted for using the equity method. The investment is initially recognized at cost. The carrying amount is subsequently increased or decreased to recognize the Company's share of profits or losses of the equity-accounted investees after the date of acquisition or when significant influence begins. The Company's share of profits or losses is recognized in the consolidated statement of operations, and its share of other comprehensive income or loss is included in other comprehensive income (loss).

Unrealized gains on transactions between the Company and its equity-accounted investees are eliminated to the extent of the Company's interest in the investee. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in the level of the Company's equity interest in an equity-accounted investee are recognized in the consolidated statement of operations. Where an equity-accounted investee increases its equity through share issuances, the Company records its share of such increase in its investments of the investee on the consolidated balance sheet.

The amounts included in the financial statements of the investees are adjusted to reflect adjustments made by the Company, when using the equity method, such as fair value adjustments made at the time of acquisition.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the investee is written down to its estimated recoverable amount and charged to the consolidated statement of operations.

The Company has an equity interest in one associate as further described in note 8.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment of the asset or CGU. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the carrying amounts of the assets in the CGUs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Pensions and other post-retirement benefits

The Company's liability for pensions and other post-retirement benefits is based on valuations performed by independent actuaries using the projected unit credit method. These valuations incorporate both financial assumptions (discount rate, and changes in salaries and medical costs) and demographic assumptions, including rate of employee turnover, retirement age and life expectancy.

The liability for pensions and other post-retirement benefits is equal to the present value of the Company's future benefit obligation less, where appropriate, the fair value of plan assets in funds allocated to finance such benefits. The effects of differences between previous actuarial assumptions and what has actually occurred (experience adjustments) and the effect of changes in actuarial assumptions (assumption adjustments) give rise to actuarial gains and losses. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately through other comprehensive income (loss) and transferred directly to retained earnings. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan in profit or loss when the settlement occurs.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset when reimbursement is virtually certain. Commitments resulting from restructuring plans are recognized when an entity has a detailed formal plan and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features.

When the effect of the time value of money is material, the amount of the provision is discounted using a rate that reflects the market's current assessment of this value and the risks specific to the liability concerned. The increase in the provision related to the passage of time is recognized through profit and loss in other finance income (expense).

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

(l) Revenue recognition

The Company recognizes sales from two categories of goods: production (including finished production parts, assemblies and modules), and tooling. Revenue for these goods is recognized at the point in time control of the goods is transferred to the customer.

Control of finished production parts, assemblies and modules transfers when the goods are shipped from the Company's manufacturing facilities to the customer. Control of tooling transfers when the tool has been accepted by the customer. For certain tooling contracts for which the customer makes progress payments in advance of obtaining control of the tool, the Company recognizes a liability for the progress payments until the performance obligation is complete. Such payments from the customer generally do not contain a financing component.

Revenue and cost of sales from tooling contracts are presented on a gross basis in the consolidated statements of operations. Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. In the case of tooling work in progress inventory that is internally developed, cost includes directly attributable labour as well as overhead. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. Judgment is required in determining the appropriateness of costs included in tooling work in progress inventory. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost overruns, non-reimbursable costs, change orders and potential price changes.

(m) Finance expense

Finance expense is comprised of interest expense on long-term debt and lease liabilities and amortization of deferred financing costs. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(n) Other finance income (expense)

Other finance income (expense) comprises interest income on funds invested, changes in the fair value of derivative financial instruments not accounted for as hedges and foreign exchange gains and losses reported on a net basis. Interest income (expense) is recognized as it accrues in profit or loss, using the effective interest method.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Guarantees

A guarantee is a contract (including indemnity) that contingently requires the Company to make payments to the guaranteed party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, liability or equity security of the counterparty, (ii) failure of another party to perform under an obligating agreement or (iii) failure of a third party to pay indebtedness when due.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Guarantees are fair valued upon initial recognition. Subsequent to initial recognition, the guarantees are remeasured at the higher of (i) the amount determined in accordance with IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets* ("IAS 37") and (ii) the amount initially recognized less cumulative amortization.

(q) Stock-based payments

The Company accounts for all stock-based payments to employees and non-employees using the fair value-based method of accounting. The Company measures the compensation cost of stock-based option awards at the grant date using the Black-Scholes-Merton option valuation model to determine the fair value of the options. The stock-based compensation cost of the options is recognized as stock-based compensation expense over the relevant vesting period of the stock options.

(r) Earnings (Loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise share options granted to employees.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Deferred Share Unit Plan

On May 3, 2016, a Deferred Share Unit Plan (the "DSU Plan") was established as a means of compensating non-executive directors and designated employees of the Company and of promoting share ownership and alignment with the shareholders' interests. Non-executive directors of Martinrea are automatically required to participate in the DSU Plan while employees may be designated from time to time, at the sole discretion of the Board of Directors.

Vesting conditions may be attached to the DSUs at the Board of Directors' discretion. DSU Plan participants receive additional DSUs equivalent to cash dividends paid on common shares. DSUs are paid out in cash upon termination of service, based on their fair market value, which is defined as the average closing share price of the Company's common shares for the 20 days preceding the termination date.

DSUs are considered cash-settled awards. The fair value of DSUs, at the date of grant to the DSU Plan participants, is recognized as compensation expense over the vesting period, with a liability recorded in trade and other payables. In addition, the DSUs are fair valued at the end of every reporting period and at the settlement date. Any change in the fair value of the liability is recognized as compensation expense in profit or loss.

(u) Performance and Restricted Share Unit Plan

On November 3, 2016, as subsequently amended, a Performance and Restricted Share Unit Plan (the "PRSU Plan") was established as a means of compensating designated employees of the Company and promoting share ownership and alignment with the shareholders' interests. Under the PRSU Plan, the Company may grant Restricted Share Units ("RSUs") and/or Performance Share Units ("PSUs") to its employees. The Company shall redeem vested RSUs or vested PSUs on their Redemption Date (as specified in the PRSU Plan) for cash. The RSUs and PSUs are redeemed at their fair values as defined by the PRSU Plan; in addition, PSUs must meet the performance criteria specified in the PRSU Plan. The vesting conditions are determined by the Board of Directors or as otherwise provided in the PRSU Plan.

The fair value of PSUs and RSUs at the date of grant to the PRSU Plan participants, determined using the Monte Carlo Simulation model in the case of PSUs, are recognized as compensation expense over the vesting period, with a liability recorded in trade and other payables. In addition, the RSUs and PSUs are fair valued at the end of every reporting period and at the settlement date. Any change in fair value of the liability is recognized as compensation expense in profit or loss.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

(v) Recently adopted accounting standards and policies

IFRS 9 Financial Instruments - Hedge Accounting

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding IAS 39 Financial Instruments: Recognition and Measurement standard. IFRS 9 includes a new general hedge accounting standard which aligned hedge accounting more closely with risk management objectives and strategy. IFRS 9 also updated the hedge effectiveness assessment approach to apply a more qualitative and forward-looking approach to assess the effectiveness of a hedging relationship.

Effective January 1, 2025, the Company adopted the new general hedge accounting model under IFRS 9, as a replacement for the hedge accounting requirements of IAS 39. The Company has applied new hedge accounting model to all designated hedge accounting relationships prospectively. The adoption of the amendments to these standards did not have a material impact on the consolidated financial statements in the current or comparative periods.

(w) Recently issued accounting standards

The IASB issued the following new standards:

IFRS 18, Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (replacement to IAS 1). The new accounting standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

- improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact of the new standard on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7, Classification and Measurements of Financial Instruments

On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments include:

- clarifying the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance targets); and
- updating the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026. The adoption of amendments to IFRS 9 and IFRS 7 is not expected to have a material impact on the consolidated financial statements.

3. TRADE AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	\$ 517,124	\$ 571,073
Other receivables	73,623	40,146
Foreign exchange forward contracts not accounted for as hedges (note 22(d))	839	2,286
	\$ 591,586	\$ 613,505

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 22.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

On March 27, 2024, Martinrea entered into an accounts receivable program agreement to sell up to \$100,000 in trade receivables without recourse and on an uncommitted basis, subject to predetermined limits for certain customers. Under the agreement, the receivables are sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. The Company derecognizes the trade receivables sold under the program when it transfers substantially all the risks and rewards of ownership of the receivables. As at December 31, 2025, \$33,561 (US \$24,547) (December 31, 2024 - \$32,986 or US \$22,888) of receivables were sold under the program, of which \$9,397 (US \$6,873) (December 31, 2024 - \$9,236 or US \$6,409) was held back from the sale proceeds, to be settled when the funds are received from the customers, in accordance with the provisions of the program, with the net proceeds being used primarily to support the Company's supply base.

4. INVENTORIES

	December 31, 2025	December 31, 2024
Raw materials	\$ 236,431	\$ 256,154
Work in progress	69,755	64,982
Finished goods	51,397	51,128
Tooling work in progress	116,641	135,967
	\$ 474,224	\$ 508,231

5. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Land and buildings	\$ 273,284	\$ (65,748)	\$ 207,536	\$ 261,870	\$ (61,976)	\$ 199,894
Leasehold improvements	100,267	(73,633)	26,634	94,528	(67,164)	27,364
Manufacturing equipment	3,598,280	(2,242,288)	1,355,992	3,592,179	(2,139,284)	1,452,895
Tooling and fixtures	39,112	(32,488)	6,624	40,572	(34,197)	6,375
Other assets	109,904	(78,193)	31,711	102,361	(72,663)	29,698
Construction in progress	218,765	-	218,765	232,778	-	232,778
	\$ 4,339,612	\$ (2,492,350)	\$ 1,847,262	\$ 4,324,288	\$ (2,375,284)	\$ 1,949,004

Movement in property, plant and equipment is summarized as follows:

	Land and buildings	Leasehold improvements	Manufacturing equipment	Tooling and fixtures	Other assets	Construction in progress	Total
Net as of December 31, 2023	\$ 193,125	\$ 27,157	\$ 1,379,979	\$ 4,325	\$ 28,756	\$ 310,429	\$ 1,943,771
Additions	84	-	4,729	-	1,403	285,343	291,559
Disposals	(1,198)	-	(4,973)	(5)	(155)	(563)	(6,894)
Depreciation	(7,485)	(4,546)	(262,220)	(1,434)	(8,390)	-	(284,075)
Impairment (note 9)	(5,476)	(647)	(88,101)	(2,507)	(5,705)	(14,581)	(117,017)
Transfers from construction in progress	5,166	4,091	331,138	5,541	12,203	(358,139)	-
Foreign currency translation adjustment	15,678	1,309	92,343	455	1,586	10,289	121,660
Net as of December 31, 2024	\$ 199,894	\$ 27,364	\$ 1,452,895	\$ 6,375	\$ 29,698	\$ 232,778	\$ 1,949,004
Additions	433	-	1,128	339	716	215,559	218,175
Additions from acquisition (note 26)	-	932	11,100	-	161	-	12,193
Disposals	-	-	(2,002)	(4)	(382)	-	(2,388)
Depreciation	(7,642)	(4,843)	(231,117)	(1,702)	(7,646)	-	(252,950)
Impairment (note 9)	-	-	(27,392)	-	(797)	(2,235)	(30,424)
Transfers from construction in progress	22,939	3,431	183,566	1,713	10,174	(221,823)	-
Foreign currency translation adjustment	(8,088)	(250)	(32,186)	(97)	(213)	(5,514)	(46,348)
Net as of December 31, 2025	\$ 207,536	\$ 26,634	\$ 1,355,992	\$ 6,624	\$ 31,711	\$ 218,765	\$ 1,847,262

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

6. RIGHT-OF-USE ASSETS

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Leased buildings	\$ 393,282	\$ (215,786)	\$ 177,496	\$ 344,345	\$ (192,304)	\$ 152,041
Leased manufacturing equipment	131,138	(81,078)	50,060	126,163	(63,660)	62,503
Leased other assets	6,185	(4,657)	1,528	5,767	(4,509)	1,258
	\$ 530,605	\$ (301,521)	\$ 229,084	\$ 476,275	\$ (260,473)	\$ 215,802

Movement in right-of-use assets is summarized as follows:

	Leased buildings	Leased manufacturing equipment	Leased other assets	Total
Net as of December 31, 2023	\$ 174,831	\$ 62,177	\$ 1,544	\$ 238,552
Additions	2,804	12,457	744	16,005
Lease modifications	5,808	-	-	5,808
Depreciation	(34,806)	(15,713)	(885)	(51,404)
Impairment (note 9)	(6,346)	(28)	(218)	(6,592)
Foreign currency translation adjustment	9,750	3,610	73	13,433
Net as of December 31, 2024	\$ 152,041	\$ 62,503	\$ 1,258	\$ 215,802
Additions	-	3,359	854	4,213
Lease modifications	49,241	74	23	49,338
Additions from acquisition (note 26)	13,715	703	-	14,418
Depreciation	(33,981)	(17,228)	(678)	(51,887)
Foreign currency translation adjustment	(3,520)	649	71	(2,800)
Net as of December 31, 2025	\$ 177,496	\$ 50,060	\$ 1,528	\$ 229,084

7. INTANGIBLE ASSETS

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Development costs	\$ 151,703	\$ (115,053)	\$ 36,650	\$ 151,921	\$ (114,386)	\$ 37,535

Movement in intangible assets is summarized as follows:

	Development costs
Net as of December 31, 2023	\$ 42,743
Additions	7,228
Amortization	(11,070)
Impairment (note 9)	(4,268)
Foreign currency translation adjustment	2,902
Net as of December 31, 2024	37,535
Additions	9,184
Amortization	(8,280)
Impairment (note 9)	(559)
Foreign currency translation adjustment	(1,230)
Net as of December 31, 2025	\$ 36,650

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

8. INVESTMENTS

	December 31, 2025	December 31, 2024
Investment in common shares of NanoXplore Inc.	\$ 54,120	\$ 51,462
Investment in shares of AlumaPower Corporation.	4,036	4,036
Investment in shares and convertible notes of Equispheres Inc.	10,030	9,030
Other	3,789	850
	\$ 71,975	\$ 65,378

As at December 31, 2025, the Company held a 22.5%, 11.7%, and 6.8% equity interest (on a non-diluted basis) in NanoXplore Inc. ("NanoXplore"), AlumaPower Corporation ("AlumaPower"), and Equispheres Inc. ("Equispheres"), respectively. NanoXplore is a publicly listed company on the Toronto Stock Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high-volume graphene powder for use in transportation and industrial markets providing customers with standard and custom graphene-enhanced plastic and composite products. NanoXplore is also a silicon-graphene-enhanced Li-ion battery manufacturer for the electric vehicle and grid storage markets. AlumaPower is a private company developing aluminum air battery technology for a variety of end markets, including automotive. Equispheres is a private company developing technologies for the production and use of advanced materials in additive manufacturing.

On October 30, 2025, the Company acquired an additional 2,343,750 common shares in NanoXplore pursuant to a private placement offering at a price of \$2.40 per common share for an aggregate purchase price of \$5,625. Upon finalization of the transaction, the Company's net ownership interest remained at 22.5%.

The Company applies equity accounting to its equity investment in NanoXplore based on its financial statements for the period from October 1, 2024, to September 30, 2025, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest. The shares in AlumaPower and Equispheres are classified as fair value through other comprehensive income, while the convertible notes in Equispheres are classified as amortized cost. Accordingly, the shares are recorded at their fair value at the end of each reporting period, with the change in fair value recorded in other comprehensive income (loss), while the convertible notes are recorded at amortized cost using the effective interest rate method, less any impairment losses.

Movement in the Company's equity-accounted investment is summarized as follows:

	Investment in common shares of NanoXplore
Net as of December 31, 2023	\$ 54,384
Share of loss for the period	(2,904)
Share of other comprehensive loss for the period	(18)
Net as of December 31, 2024	\$ 51,462
Additions	5,625
Share of loss for the period	(2,926)
Share of other comprehensive loss for the period	(41)
Net as of December 31, 2025	\$ 54,120

As at December 31, 2025, the stock market value of the shares held in NanoXplore by the Company was \$104,474. The Company's known maximum exposure to loss approximated the carrying value of its investment balance as at December 31, 2025.

9. IMPAIRMENT OF ASSETS

During the fourth quarter of 2025, the Company recorded impairment charges on property, plant and equipment of \$30,424, inventories of \$8,533, and development costs of \$559, totalling \$39,516. Of this amount, \$36,157 relates to impairment charges resulting from the end of production of a certain OEM light vehicle platform which led to the decision to close a facility in the North America operating segment. The remaining amount of \$3,359 relates to impairment charges on property, plant and equipment in the Europe operating segment where the carrying amount of the assets exceeded their estimated recoverable amounts.

During the fourth quarter of 2024, in conjunction with its annual business planning cycle, the Company recorded impairment charges on property, plant and equipment of \$102,103, right-of-use assets of \$6,592, intangible assets of \$1,250, and inventories of \$475, totaling \$110,420. Of this amount, \$65,270 relates to CGUs in the Europe operating segment, \$25,829 relates to a CGU in the North America operating segment, and \$19,321 relates to CGUs in Brazil, China and South Africa, included in the Rest of the World operating segment. As at December 31, 2024, the Company's CGUs were

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

recorded at carrying values that did not exceed their recoverable amounts determined using an income approach to determine fair value less costs to sell. Discount rates used in the determination of the recoverable amounts of these CGUs ranged between 9.3% to 13.5%.

The Company also separately identified specific assets for which no further use was identified, and recorded impairment charges on property, plant and equipment of \$14,914, intangible assets of \$3,018 relating to development costs, and inventories of \$1,094, totaling \$19,026. Of this amount, \$9,841 were in the North America operating segment, and \$9,185 were in the Rest of the World operating segment.

The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. Reasonably possible changes in key assumptions could result in material changes to the carrying amounts of the CGUs.

10. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade accounts payable and accrued liabilities	\$ 1,010,928	\$ 1,024,716

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

Included in trade accounts payable and accrued liabilities are contract liabilities related to advance consideration received from customers for tooling contracts. During the year ended December 31, 2025, the Company recognized \$110,064 (2024 - \$93,827) of revenues that were included in contract liabilities at the beginning of the period.

11. PROVISIONS

	Restructuring	Claims and Litigation	Total
Net as of December 31, 2023	\$ 27,777	\$ 2,115	\$ 29,892
Net additions	12,644	2,097	14,741
Amounts used during the period	(35,505)	(2,200)	(37,705)
Foreign currency translation adjustment	232	(298)	(66)
Net as of December 31, 2024	\$ 5,148	\$ 1,714	\$ 6,862
Net additions	36,118	2,802	38,920
Amounts used during the period	(25,313)	(1,852)	(27,165)
Foreign currency translation adjustment	1,419	74	1,493
Net as of December 31, 2025	\$ 17,372	\$ 2,738	\$ 20,110

(a) Restructuring

Additions to the restructuring provision in 2025 totaled \$36,118 and represent employee-related severance resulting from the rightsizing of certain operations in Germany (\$24,469), Mexico (\$4,967), Canada (\$4,237), and the United States (\$854), and the closure of an operating facility in the North America operating segment (\$1,591), resulting from the end of production of a certain OEM light vehicle platform.

Additions to the restructuring provision in 2024 totaled \$12,644 and represent employee-related severance resulting from the rightsizing of certain operations in Germany (\$6,075), Mexico (\$3,910), Canada (\$1,995), and the United States (\$664).

(b) Claims and litigation

In the normal course of business, the Company may be involved in disputes with its suppliers, customers, former employees or other third parties. Where the Company has determined that there is a probable loss that is expected from claims or litigation related to past events, a provision is recorded to cover the related risks associated with these disputes. To the best of the Company's knowledge, there are no claims or litigation in progress or pending that are likely to have a material impact on the Company's consolidated financial position.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

12. LONG-TERM DEBT

The Company's interest-bearing loans and borrowings are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 22.

	December 31, 2025	December 31, 2024
Banking facility	\$ 808,535	\$ 963,556
Equipment loans	60,274	17,858
	868,809	981,414
Current portion	(13,424)	(10,445)
	\$ 855,385	\$ 970,969

Terms and conditions of outstanding loans, in Canadian dollar equivalents, are as follows:

	Currency	Nominal interest rate	Year of maturity	December 31, 2025 Carrying amount	December 31, 2024 Carrying amount
Banking facility	USD	SOFR + 1.70%	2027	\$ 350,011	\$ 556,297
	CAD	CORRA + 1.70%	2027	208,524	157,259
	CAD	CORRA + 1.95%	2027	250,000	250,000
Equipment loans	CAD	4.79%	2030	30,268	-
	USD	4.61%	2030	22,829	-
	CAD	2.54%	2026	3,955	9,113
	EUR	2.46%	2026	964	3,526
	EUR	3.72%	2035	881	451
	EUR	0.00%	2028	640	796
	EUR	2.41%	2036	483	-
	EUR	1.40%	2026	254	3,059
	EUR	0.26%	2025	-	24
CAD	5.22%	2025	-	889	
				\$ 868,809	\$ 981,414

Subsequent to December 31, 2025, on February 27, 2026, the Company's banking facility was amended to extend its maturity and enhance certain provisions of the facility. The primary terms of the amended banking facility, with now a syndicate of twelve banks (up from ten), include the following:

- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- available non-amortizing term loan of \$200 million (down from \$250 million) at variable interest rates;
- available revolving credit lines of \$400 million (up from \$350 million) and US \$520 million (similar to the previous facility);
- available asset based financing capacity of \$300 million, similar to the previous facility;
- accordion feature which provides the Company with the ability to increase the revolving credit facility by up to US \$400 million, up from US \$300 million;
- pricing terms at market rates, similar to the previous facility;
- a maturity date extended to February 2030 (from February 2027); and
- no mandatory principal repayment provisions for the revolving credit lines, including the new non-amortizing term loan, similar to the previous facility.

As at December 31, 2025, the Company had drawn US \$256,000 (December 31, 2024 - US \$386,000) on the U.S. revolving credit line, \$210,000 (December 31, 2024 - \$160,000) on the Canadian revolving credit line, and \$250,000 (December 31, 2024 - \$250,000) on the Canadian non-amortizing term loan. At December 31, 2025, the weighted average effective interest rate of the banking facility was 4.9% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at December 31, 2025.

Deferred financing fees of \$1,476 (December 31, 2024 - \$2,741) have been netted against the carrying amount of the long-term debt.

On March 4, 2025, the Company finalized a five-year equipment loan in the amount of \$35,000, repayable in monthly installments commencing in 2025 at a fixed annual interest rate of 4.79%.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

On May 8, 2025, the Company finalized an eleven-year equipment loan with total borrowing capacity of €857 (\$1,374), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 2.41%.

On September 10, 2025, the Company finalized a five-year equipment loan in the amount of US \$17,161 (\$23,912), repayable in quarterly installments commencing in 2025 at a fixed annual interest rate of 4.61%.

On May 23, 2024, the Company finalized an eleven-year equipment loan with total borrowing capacity of €1,092 (\$1,601), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 3.72%.

Future annual minimum principal repayments as at December 31, 2025 are as follows:

	Scheduled principal repayments	Scheduled amortization of deferred financing fees	Carrying amount of outstanding loans
Within one year	\$ 14,689	\$ (1,265)	\$ 13,424
One to two years	819,857	(211)	819,646
Two to three years	10,401	-	10,401
Three to four years	10,970	-	10,970
Thereafter	14,368	-	14,368
	\$ 870,285	\$ (1,476)	\$ 868,809

Movement in long-term debt is summarized as follows:

	Total
Net as of December 31, 2023	\$ 969,236
Net repayments	(22,759)
Equipment loan proceeds	442
Equipment loan repayments	(13,990)
Deferred financing fee additions	(2,600)
Amortization of deferred financing fees	1,226
Foreign currency translation adjustment	49,859
Net as of December 31, 2024	\$ 981,414
Net repayments	(128,910)
Equipment loan proceeds	59,573
Equipment loan repayments	(16,685)
Amortization of deferred financing fees	1,265
Foreign currency translation adjustment	(27,848)
Net as of December 31, 2025	\$ 868,809

13. LEASE LIABILITIES

The Company enters into lease agreements for land and buildings, manufacturing equipment and other assets as a part of regular operations as a means of efficiently utilizing capital and managing the Company's cash flows.

Movement in lease liabilities is summarized as follows:

	Total
Net as of December 31, 2023	\$ 258,976
Net additions	16,005
Lease modifications	5,808
Principal payments of lease liabilities	(52,330)
Foreign currency translation adjustment	14,952
Net as of December 31, 2024	\$ 243,411
Net additions	4,213
Lease modifications	49,338
Additions from acquisition (note 26)	14,418
Principal payments of lease liabilities	(56,889)
Foreign currency translation adjustment	(3,335)
Net as of December 31, 2025	\$ 251,156

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

The maturity of contractual undiscounted lease liabilities as at December 31, 2025 is as follows:

		Total
Within one year	\$	69,737
One to two years		63,496
Two to three years		41,733
Three to four years		30,082
Thereafter		82,532
Total undiscounted lease liabilities at December 31, 2025	\$	287,580
Interest on lease liabilities		(36,424)
Total present value of minimum lease payments	\$	251,156
Current portion		(59,237)
	\$	191,919

14. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Company has defined benefit and non-pension post-retirement benefit plans in Canada, the United States and Germany. The defined benefit plans provide pensions based on years of service, years of contributions and earnings. The post-retirement benefit plans provide for the reimbursement of certain medical costs.

The plans are governed by the pension laws of the jurisdiction in which they are registered. The Company's pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. Local regulatory bodies either define minimum funding requirements or approve funding plans submitted by the Company. From time to time the Company may make additional discretionary contributions taking into account actuarial assessments and other factors. Actuarial valuations for the Company's defined benefit pension plans are completed based on the regulations in place in the jurisdictions where the plans operate.

The assets of the defined benefit pension plans are held in segregated accounts isolated from the Company's assets. The plans are administered pursuant to applicable regulations, investment policies and procedures and to the mandate of an established pension committee. The pension committee oversees the administration of the pension plans, which include the following principal areas:

- Overseeing the funding, administration, communication and investment management of the plans;
- Selecting and monitoring the performance of all third parties performing duties in respect of the plans, including audit, actuarial and investment management services;
- Proposing, considering and approving amendments to the defined benefit pension plans;
- Proposing, considering and approving amendments of the investment policies and procedures;
- Reviewing actuarial reports prepared in respect of the administration of the defined benefit pension plans; and
- Reviewing and approving the audited financial statements of the defined benefit pension plan funds.

The assets of the defined benefit pension plans are invested and managed following all applicable regulations and investment policies and procedures, and reflect the characteristics and asset mix of each defined benefit pension plan. Investment and market return risk is managed by:

- Contracting professional investment managers to execute the investment strategy following the investment policies and procedures and regulatory requirements;
- Specifying the kinds of investments that can be held in plans and monitoring compliance;
- Using asset allocation and diversification strategies; and
- Purchasing annuities from time to time.

The pension plans are exposed to market risks such as changes in interest rates, inflation and fluctuations in investment values. The plans are also exposed to non-financial risks in the nature of membership mortality, demographic changes and regulatory change.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Information about the Company's defined benefit plans as at December 31, 2025 and 2024, in aggregate, is as follows:

Accrued benefit obligation:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Balance, beginning of year	\$ (28,866)	\$ (45,571)	\$ (74,437)	\$ (26,854)	\$ (69,643)	\$ (96,497)
Benefits paid by the plan	1,917	2,709	4,626	1,843	4,554	6,397
Current service costs	(40)	(1,292)	(1,332)	(49)	(1,168)	(1,217)
Interest costs	(1,355)	(1,949)	(3,304)	(1,305)	(3,149)	(4,454)
Settlements	-	-	-	-	25,950	25,950
Actuarial gains (losses) - experience	417	(224)	193	(582)	(197)	(779)
Actuarial gains (losses) - financial assumptions	(28)	2,864	2,836	(764)	(851)	(1,615)
Foreign exchange translation	696	(751)	(55)	(1,155)	(1,067)	(2,222)
Balance, end of year	\$ (27,259)	\$ (44,214)	\$ (71,473)	\$ (28,866)	\$ (45,571)	\$ (74,437)

Plan Assets:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Fair value, beginning of year	\$ -	\$ 53,471	\$ 53,471	\$ -	\$ 75,539	\$ 75,539
Contributions paid into the plans	1,917	635	2,552	1,838	1,896	3,734
Benefits paid by the plans	(1,917)	(2,709)	(4,626)	(1,838)	(4,554)	(6,392)
Interest income	-	2,341	2,341	-	3,510	3,510
Administrative costs	-	(180)	(180)	-	(205)	(205)
Settlements	-	-	-	-	(25,487)	(25,487)
Remeasurements, return on plan assets recognized in other comprehensive income	-	3,305	3,305	-	1,973	1,973
Foreign exchange translation	-	84	84	-	799	799
Fair value, end of year	\$ -	\$ 56,947	\$ 56,947	\$ -	\$ 53,471	\$ 53,471
Asset ceiling	-	(4,811)	(4,811)	-	(1,925)	(1,925)
Accrued net benefit obligation, end of year	\$ (27,259)	\$ 7,922	\$ (19,337)	\$ (28,866)	\$ 5,975	\$ (22,891)

Recorded on the consolidated balance sheets as follows:

Pension assets, net of asset ceiling	\$ -	\$ 18,537	\$ 18,537	\$ -	\$ 17,493	\$ 17,493
Pension and other post-retirement benefits long-term liability	\$ (27,259)	\$ (10,615)	\$ (37,874)	\$ (28,866)	\$ (11,518)	\$ (40,384)

Certain pension plans ended the year with asset values exceeding the present value of funded obligations. Accordingly, such plans are presented as pension assets totaling \$18,537 (December 31, 2024 - \$17,493).

As at December 31, 2025, the fair value of the buy-in assets of \$14,137 (December 31, 2024 - \$15,156) is included in the fair value of plan assets and is determined to be equal to the defined benefit obligation for the covered annuitants.

During 2024, the Company fully settled pension obligations for its US registered defined benefit pension plan through lump sum payments and an annuity purchase resulting in a settlement gain of \$463 (US \$336) for the year ended December 31, 2024.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Pension expense recognized in profit or loss:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Current service costs	\$ 40	\$ 1,292	\$ 1,332	\$ 49	\$ 1,168	\$ 1,217
Net interest cost (income)	1,355	(392)	963	1,305	(361)	944
Settlements	-	-	-	-	(463)	(463)
Administrative costs	-	180	180	-	205	205
Pension expense	\$ 1,395	\$ 1,080	\$ 2,475	\$ 1,354	\$ 549	\$ 1,903

Amounts recognized in other comprehensive income (loss), before income taxes:

	Year ended December 31, 2025	Year ended December 31, 2024
Actuarial gains (losses)	\$ 6,334	\$ (421)
Change in asset ceiling, net of interest	(2,886)	(1,925)
Amount recognized in other comprehensive income	\$ 3,448	\$ (2,346)

Plan assets are primarily composed of pooled funds, which invest in fixed income and equities, common stocks and bonds that are actively traded and annuities. Plan assets are composed of:

	December 31, 2025	December 31, 2024
Equity	56.0%	50.9%
Debt securities	19.0%	20.2%
Annuities	25.0%	28.9%
	100.0%	100.0%

As at December 31, 2025 and 2024, investments in equity and debt securities in the plan are at Level 2 on the fair value hierarchy, as defined in note 22.

The defined benefit obligation and plan assets are composed by country as follows:

	Year ended December 31, 2025				Year ended December 31, 2024			
	Canada	USA	Germany	Total	Canada	USA	Germany	Total
Present value of funded obligations	\$ (33,599)	\$ -	\$ -	\$ (33,599)	\$ (34,053)	\$ -	\$ -	\$ (34,053)
Fair value of plan assets	56,947	-	-	56,947	53,333	138	-	53,471
Funding status of funded obligations	23,348	-	-	23,348	19,280	138	-	19,418
Effect of asset ceiling	(4,811)	-	-	(4,811)	(1,925)	-	-	(1,925)
Net balance sheet position of funded obligations	18,537	-	-	18,537	17,355	138	-	17,493
Present value of unfunded obligations	(15,668)	(12,780)	(9,426)	(37,874)	(16,510)	(13,600)	(10,274)	(40,384)
Net balance sheet position of obligations	\$ 2,869	\$ (12,780)	\$ (9,426)	\$ (19,337)	\$ 845	\$ (13,462)	\$ (10,274)	\$ (22,891)

There are significant assumptions made in the calculations provided by the actuaries and it is the responsibility of the Company to determine which assumptions could result in a significant impact when determining the accrued benefit obligations and pension expense.

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

Principal actuarial assumptions, expressed as weighted averages, are summarized below:

	December 31, 2025	December 31, 2024
Defined benefit pension plans:		
Discount rate used to calculate year end benefit obligation	4.7%	4.4%
Mortality table	CPM 2014, Pri 2012 Blue collar w/ MP-2021	CPM 2014, Pri 2012 Blue collar w/ MP-2021
Other post-employment benefit plans:		
Discount rate used to calculate year end benefit obligation	4.9%	5.0%
Mortality table	CPM 2014, Pri 2012 Blue collar w/ MP-2021	CPM 2014, Pri 2012 Blue collar w/ MP-2021
Health care trend rates:		
Initial health care rate	8.6%	6.0%
Ultimate health care rate	4.5%	4.2%

Sensitivity of Key Assumptions

In the sensitivity analysis shown below, the Company determines the defined benefit obligation using the same method used to calculate the defined benefit obligations recognized in the consolidated balance sheet. Sensitivity is calculated by changing one assumption while holding the others constant. The actual change in defined benefit obligation will likely be different from that shown in the table, since it is likely that more than one assumption will change at a time, and that some assumptions are correlated.

	Impact on defined benefit obligation				
	Change in assumption	December 31, 2025		December 31, 2024	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Pension Plans					
Discount rate	0.50%	Decrease by 5.8%	Increase by 6.5%	Decrease by 6.2%	Increase by 7.1%
Life Expectancy	1 Year	Increase by 2.6%	Decrease by 2.7%	Increase by 2.6%	Decrease by 2.6%
Other post-retirement benefits					
Discount rate	0.50%	Decrease by 4.3%	Increase by 4.7%	Decrease by 4.4%	Increase by 4.9%
Medical costs	1.00%	Increase by 8.8%	Decrease by 7.7%	Increase by 8.1%	Decrease by 7.2%

15. INCOME TAXES

The components of income tax expense are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax expense	\$ (40,336)	\$ (72,051)
Deferred income tax recovery (expense)	25,393	(15,098)
Total income tax expense	\$ (14,943)	\$ (87,149)

Taxes on items recognized in other comprehensive income (loss) or directly in equity were as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Deferred tax benefit (charge) on:		
Employee benefit plan actuarial losses (gains)	\$ (797)	\$ 584
Foreign currency items	147	2,405
	\$ (650)	\$ 2,989

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Reconciliation of effective tax rate

The provision for income taxes differs from the result that would be obtained by applying statutory income tax rates to income before income taxes. The difference results from the following:

	Year ended December 31, 2025	Year ended December 31, 2024
Income before income taxes	\$ 121,928	\$ 52,603
Tax at Statutory income tax rate of 26.5% (2024 - 26.5%)	32,311	13,940
Increase (decrease) in income taxes resulting from:		
Changes in estimates related to prior years	1,444	(812)
Revaluations due to foreign exchange	(30,092)	44,146
Revaluations due to inflation	(5,626)	(8,061)
Tax rate differences in foreign jurisdictions	147	(934)
Current year tax losses not benefited and withholding tax expensed	3,448	26,829
Derecognition of previously recognized deferred tax assets	2,924	1,451
Non-deductible expenses	10,387	10,590
	\$ 14,943	\$ 87,149
Effective income tax rate applicable to income before income taxes	12.3%	165.7%

The movement of deferred tax assets are summarized below:

	Losses	Employee benefits	Interest and accruals	PPE and intangible assets	Other	Total
December 31, 2023	\$ 97,341	\$ 9,758	\$ 59,213	\$ 81,137	\$ 12,201	\$ 259,650
Benefit (charge) to income	1,639	(1,332)	15,708	(36,772)	(2,333)	(23,090)
Benefit to other comprehensive income	-	584	-	-	2,405	2,989
Translation and other items	6,640	407	5,818	4,811	1,869	19,545
December 31, 2024	\$ 105,620	\$ 9,417	\$ 80,739	\$ 49,176	\$ 14,142	\$ 259,094
Benefit (charge) to income	70	1,649	(16,732)	32,210	5,165	22,362
Benefit (charge) to other comprehensive income	-	(797)	-	-	147	(650)
Translation and other items	(3,394)	(140)	(2,980)	(2,633)	23	(9,124)
December 31, 2025 before offset	\$ 102,296	\$ 10,129	\$ 61,027	\$ 78,753	\$ 19,477	\$ 271,682
Tax offset						(60,277)
December 31, 2025 after offset						\$ 211,405

The movement of deferred tax liabilities are summarized below:

	PPE and intangible assets	Other	Total
December 31, 2023	\$ (86,262)	\$ (8,675)	\$ (94,937)
Benefit to income	5,392	2,600	7,992
Translation and other items	(3,587)	(703)	(4,290)
December 31, 2024	\$ (84,457)	\$ (6,778)	\$ (91,235)
Benefit (charge) to income	3,707	(674)	3,033
Translation and other items	1,922	(540)	1,382
December 31, 2025 before offset	\$ (78,828)	\$ (7,992)	\$ (86,820)
Tax offset			60,277
December 31, 2025 after offset			\$ (26,543)
Net deferred asset at December 31, 2024		\$	167,859
Net deferred asset at December 31, 2025		\$	184,862

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

During the year ended December 31, 2025, the Company disclosed deferred tax assets and deferred tax liabilities on a net basis where a right of offset exists.

The Company has accumulated approximately \$678,009 (December 31, 2024 - \$665,639) in non-capital losses that are available to reduce taxable income in future years. If unused, these losses will expire as follows:

Year		
2026 - 2030	\$	23,969
2031 - 2045		342,109
Indefinite		311,931
	\$	678,009

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

Deferred tax assets include tax credits of \$18,301 (December 31, 2024 - \$12,648).

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax losses in foreign jurisdictions	\$ 80,083	\$ 72,076
Deductible temporary differences in foreign jurisdictions	12,547	15,116
	\$ 92,630	\$ 87,192

Deferred tax is not recognized on the unremitted earnings of foreign subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The temporary difference in respect of the amount of undistributed earnings and other differences including the outside basis difference of foreign subsidiaries is approximately \$1,233,735 at December 31, 2025 (December 31, 2024 - \$1,080,127).

On June 20, 2024, the Canadian federal government enacted the Global Minimum Tax Act ("GMTA") to implement Pillar Two from the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting. Canada's GMTA imposes a 15% global minimum tax ("GMT") on large multinational groups with consolidated revenues of at least €750,000. The GMTA applies retroactively for fiscal years beginning on or after December 31, 2023. For the year ended December 31, 2025, the Company meets the Country-by-Country Reporting Safe Harbour tests in all applicable jurisdictions, and no GMT has been recognized in the consolidated financial statements. Additionally, no deferred tax liability has been recorded in connection with the GMT, as management expects that the Company will continue to qualify for safe harbour relief in the foreseeable future, subject to ongoing assessment of financial and tax positions in relevant jurisdictions.

Other future changes in tax law in any of the jurisdictions in which the Company has a presence could significantly impact the Company's provision for income taxes, taxes recoverable and payable, and deferred tax asset and liability balances.

16. CAPITAL STOCK

Common shares outstanding:	Number	Amount
Balance as of December 31, 2023	78,141,440	\$ 645,256
Exercise of stock options	25,000	350
Repurchase of common shares under normal course issuer bid	(5,378,592)	(44,418)
Balance as of December 31, 2024	72,787,848	601,188
Repurchase of common shares under normal course issuer bid	(778,698)	(6,432)
Balance as of December 31, 2025	72,009,150	\$ 594,756

The Company is authorized to issue an unlimited number of common shares. The Company's shares have no par value.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Repurchase of capital stock:

On April 29, 2024, the Company renewed its normal course issuer bid ("NCIB") receiving approval from the Toronto Stock Exchange ("TSX") to acquire for cancellation up to an additional 6,435,000 common shares of the Company. The renewed bid commenced on May 2, 2024 and spanned a 12-month period.

During 2024, the Company purchased for cancellation an aggregate of 5,378,592 common shares for an aggregate purchase price of \$62,497 resulting in a reduction to capital stock of \$44,418 and a decrease to retained earnings of \$18,079. The shares were purchased and cancelled directly under the NCIB.

On May 23, 2025, the Company renewed the NCIB receiving approval from the TSX to acquire for cancellation up to an additional 7,110,571 common shares of the Company. The renewed bid commenced on May 27, 2025 and spans a 12-month period.

During 2025, the Company purchased for cancellation an aggregate of 778,698 common shares for an aggregate purchase price of \$8,168 resulting in a reduction to capital stock of \$6,432 and a decrease to retained earnings of \$1,736. The shares were purchased and cancelled directly under the NCIB.

Stock options

The following is a summary of the activity of the outstanding share purchase options:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	2,245,000	\$ 13.22	2,328,500	\$ 13.56
Granted during the period	-	-	500,000	10.16
Exercised during the period	-	-	(25,000)	10.80
Cancelled during the period	(175,000)	15.24	-	-
Expired during the period	(75,000)	13.87	(558,500)	12.02
Balance, end of period	1,995,000	\$ 13.02	2,245,000	\$ 13.22
Options exercisable, end of period	1,585,000	\$ 13.75	1,710,000	\$ 14.12

The following is a summary of the issued and outstanding common share purchase options as at December 31, 2025:

Range of exercise price per share	Number outstanding	Date of grant	Expiry
\$10.00 - 12.99	525,000	2022 - 2024	2032 - 2034
\$13.00 - 16.99	1,470,000	2018 - 2020	2028 - 2030
Total share purchase options	1,995,000		

The Black-Scholes-Merton option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Company's stock options are not transferable, cannot be traded and are subject to vesting and exercise restrictions under the Company's black-out policy, which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

The key assumptions, on a weighted average basis, used in the valuation of options granted during the year ended December 31, 2024 are shown in the table below. No options were granted during the year ended December 31, 2025.

	Year ended December 31, 2024
Expected volatility	42.29%
Risk free interest rate	2.90%
Expected life (years)	5.0
Dividend yield	1.97%
Weighted average fair value of options granted	\$ 3.17

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

For the year ended December 31, 2025, the Company expensed \$708 (2024 - \$229), respectively, to reflect stock-based compensation expense, as derived using the Black-Scholes-Merton option valuation model.

Deferred Share Unit (“DSU”) Plan

The following is a summary of the issued and outstanding DSUs as at December 31, 2025 and 2024:

	Year ended December 31, 2025	Year ended December 31, 2024
Outstanding, beginning of period	1,056,743	836,505
Grants and reinvested dividends	322,488	220,238
Redeemed	-	-
Outstanding, end of period	1,379,231	1,056,743

The DSUs granted during the year ended December 31, 2025 and 2024 had a weighted average fair value per unit of \$8.46 and \$11.50, respectively, on the date of grant. For the year ended December 31, 2025, DSU compensation expense/benefit reflected in the consolidated statement of operations, including changes in fair value during the period, amounted to an expense of \$3,523 (2024 - a benefit of \$302), recorded in selling, general and administrative expense.

Unrecognized DSU compensation expense as at December 31, 2025 was \$1,544 (December 31, 2024 - \$1,118) and will be recognized in profit or loss over the remaining vesting period.

Performance Restricted Share Unit (“PSU” and “RSU”) Plan

The following is a summary of the issued and outstanding RSUs and PSUs for the year ended December 31, 2025 and 2024:

	RSUs	PSUs	Total
Outstanding, December 31, 2023	809,190	644,195	1,453,385
Grants and reinvested dividends	504,322	414,014	918,336
Redeemed	(368,170)	(287,815)	(655,985)
Cancelled	(14,566)	(14,200)	(28,766)
Outstanding, December 31, 2024	930,776	756,194	1,686,970
Grants and reinvested dividends	646,538	512,771	1,159,309
Redeemed	(445,189)	(351,061)	(796,250)
Cancelled	(11,790)	(25,164)	(36,954)
Outstanding, December 31, 2025	1,120,335	892,740	2,013,075

The RSUs and PSUs granted during the year ended December 31, 2025 and 2024 had a weighted average fair value per unit of \$8.85 and \$11.86, respectively, on the date of grant. For the year ended December 31, 2025, RSU and PSU compensation expense reflected in the consolidated statement of operations, including changes in fair value during the period, amounted to \$9,385 (2024 - \$4,669), recorded in selling, general and administrative expense.

Unrecognized RSU and PSU compensation expense as at December 31, 2025 was \$7,339 (December 31, 2024 - \$5,801) and will be recognized in profit or loss over the remaining vesting period.

The key assumptions, on a weighted average basis, used in the valuation of PSUs granted during the year ended December 31, 2025 and 2024 are shown in the table below:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected life (years)	2.31	2.27
Risk free interest rate	2.51%	3.51%

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

17. EARNINGS (LOSS) PER SHARE

Details of the calculations of earnings (loss) per share are set out below:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	72,713,041	\$ 1.47	75,500,954	\$ (0.46)
Effect of dilutive securities:				
Stock options	-	-	-	-
Diluted	72,713,041	\$ 1.47	75,500,954	\$ (0.46)

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

For the year ended December 31, 2025, 1,995,000 (2024 - 1,720,000) options were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

18. RESEARCH AND DEVELOPMENT COSTS

	Year ended December 31, 2025	Year ended December 31, 2024
Research and development costs, gross	\$ 42,794	\$ 38,389
Capitalized development costs	(9,184)	(7,228)
Amortization of capitalized development costs	8,280	11,070
Research and development costs, net	\$ 41,890	\$ 42,231

19. PERSONNEL EXPENSES

The consolidated statement of operations presents operating expenses by function. Operating expenses include the following personnel-related expenses:

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries and other short-term employee benefits		\$ 1,302,557	\$ 1,333,693
Expenses related to pension and post-retirement benefits	14	2,475	1,903
RSU and PSU compensation expense (including changes in fair value during the year)	16	9,385	4,669
DSU compensation expense (benefit) (including changes in fair value during the year)	16	3,523	(302)
Stock-based compensation expense	16	708	229
		\$ 1,318,648	\$ 1,340,192

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

20. FINANCE EXPENSE AND OTHER FINANCE INCOME (EXPENSE)

	Year ended December 31, 2025	Year ended December 31, 2024
Debt interest, gross	\$ (61,236)	\$ (78,380)
Interest on lease liabilities	(10,800)	(10,925)
Capitalized interest - at an average rate of 5.4% (2024 - 7.1%)	7,794	13,291
Finance expense	\$ (64,242)	\$ (76,014)

	Year ended December 31, 2025	Year ended December 31, 2024
Net foreign exchange gain (loss)	\$ (3,125)	\$ 5,888
Other income (expense), net	(253)	1,025
Other finance income (expense)	\$ (3,378)	\$ 6,913

21. OPERATING SEGMENTS

The Company is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems. It conducts its operations through divisions, which function as autonomous business units, following a corporate policy of functional and operational decentralization. The Company's offerings include a wide array of products, assemblies and systems for small and large cars, crossovers, pickups and sport utility vehicles.

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by management. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. Given the differences among the regions in which the Company operates, Martinrea's operations are segmented on a geographic basis between North America, Europe and Rest of the World.

The accounting policies of the segments are the same as those described in the material accounting policies in note 2 of the consolidated financial statements. The Company uses operating income as the basis for the CODM to evaluate the performance of each of the Company's reportable segments.

The following is a summary of selected data for each of the Company's operating segments:

	Year ended December 31, 2025				
	Production Sales	Tooling Sales	Total Sales	Property, plant and equipment and Right-of-use assets	Operating Income (Loss)
North America					
Canada	\$ 501,588	\$ 86,662	\$ 588,250	\$ 337,867	
USA	1,343,947	20,009	1,363,956	475,916	
Mexico	1,864,725	79,143	1,943,868	827,142	
Eliminations	(168,959)	(48,756)	(217,715)	-	
	\$ 3,541,301	\$ 137,058	\$ 3,678,359	\$ 1,640,925	\$ 221,963
Europe					
Germany	697,462	43,922	741,384	232,539	
Spain	207,659	15,683	223,342	151,943	
Slovakia	64,347	5,354	69,701	2,059	
Eliminations	(7)	(4)	(11)	-	
	\$ 969,461	\$ 64,955	\$ 1,034,416	\$ 386,541	\$ (31,202)
Rest of the World	115,882	11,071	126,953	48,880	1,713
Eliminations	(15,946)	(1,931)	(17,877)	-	-
	\$ 4,610,698	\$ 211,153	\$ 4,821,851	\$ 2,076,346	\$ 192,474

Included in the Operating Income (Loss) for the year ended December 31, 2025 is total depreciation and amortization expense of \$313,117. Of this amount, \$248,683 was recognized in North America, \$56,568 in Europe, and \$7,866 in the Rest of the World operating segment.

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

Year ended December 31, 2024						
	Production Sales	Tooling Sales	Total Sales	Property, plant and equipment and Right-of-use assets	Operating Income (Loss)	
North America						
Canada	\$ 515,765	\$ 76,639	\$ 592,404	\$ 290,937		
USA	1,457,087	12,961	1,470,048	556,873		
Mexico	1,841,314	146,275	1,987,589	894,943		
Eliminations	(183,339)	(76,881)	(260,220)	-		
	\$ 3,630,827	\$ 158,994	\$ 3,789,821	\$ 1,742,753	\$	210,565
Europe						
Germany	732,381	91,569	823,950	226,872		
Spain	227,226	11,634	238,860	140,664		
Slovakia	53,214	2,115	55,329	-		
Eliminations	(380)	(2,736)	(3,116)	-		
	\$ 1,012,441	\$ 102,582	\$ 1,115,023	\$ 367,536	\$	(54,586)
Rest of the World	115,010	19,445	134,455	54,517		(31,371)
Eliminations	(21,203)	(3,969)	(25,172)	-		-
	\$ 4,737,075	\$ 277,052	\$ 5,014,127	\$ 2,164,806	\$	124,608

Included in the Operating Income (Loss) for the year ended December 31, 2024 is total depreciation and amortization expense of \$346,549. Of this amount, \$261,617 was recognized in North America, \$70,245 in Europe, and \$14,687 in the Rest of the World operating segment.

22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investments, trade and other payables, long-term debt, and foreign exchange forward contracts.

Fair Value

IFRS 13, Fair Value Measurement, defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's applicable financial instruments are valued:

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 174,144	\$ 174,144	\$ -	\$ -
Investment in shares of AlumaPower (note 8)	4,036	-	-	4,036
Investment in shares and convertible notes of Equispheres (note 8)	10,030	-	-	10,030
Foreign exchange forward contracts not accounted for as hedges (note 3)	839	-	839	-
December 31, 2024				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 167,951	\$ 167,951	\$ -	\$ -
Investment in shares of AlumaPower (note 8)	4,036	-	-	4,036
Investment in shares of Equispheres (note 8)	9,030	-	-	9,030
Foreign exchange forward contracts not accounted for as hedges (note 3)	2,286	-	2,286	-

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheets, are as follows:

December 31, 2025	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:						
Trade and other receivables	\$ -	\$ -	\$ 590,747	\$ -	\$ 590,747	\$ 590,747
Investment in shares of AlumaPower	-	4,036	-	-	4,036	4,036
Investment in shares and convertible notes of Equispheres	-	9,030	-	1,000	10,030	10,030
Foreign exchange forward contracts not accounted for as hedges	839	-	-	-	839	839
	\$ 839	\$ 13,066	\$ 590,747	\$ 1,000	\$ 605,652	\$ 605,652
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,010,928)	(1,010,928)	(1,010,928)
Long-term debt	-	-	-	(868,809)	(868,809)	(868,809)
	\$ -	\$ -	\$ -	\$ (1,879,737)	\$ (1,879,737)	\$ (1,879,737)
Net financial assets (liabilities)	\$ 839	\$ 13,066	\$ 590,747	\$ (1,878,737)	\$ (1,274,085)	\$ (1,274,085)

December 31, 2024	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:						
Trade and other receivables	\$ -	\$ -	\$ 611,219	\$ -	\$ 611,219	\$ 611,219
Investment in shares of AlumaPower	-	4,036	-	-	4,036	4,036
Investment in shares of Equispheres	-	9,030	-	-	9,030	9,030
Foreign exchange forward contracts not accounted for as hedges	2,286	-	-	-	2,286	2,286
	\$ 2,286	\$ 13,066	\$ 611,219	\$ -	\$ 626,571	\$ 626,571
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,024,716)	(1,024,716)	(1,024,716)
Long-term debt	-	-	-	(981,414)	(981,414)	(981,414)
	\$ -	\$ -	\$ -	\$ (2,006,130)	\$ (2,006,130)	\$ (2,006,130)
Net financial assets (liabilities)	\$ 2,286	\$ 13,066	\$ 611,219	\$ (2,006,130)	\$ (1,379,559)	\$ (1,379,559)

The fair values of trade and other receivables and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying amount since it is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based.

The fair values of investments in AlumaPower and Equispheres are estimated based on valuation methods using the observable transaction price at the transaction dates and other observable inputs including rights and obligations of these investments.

The fair values of the forward contracts are determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Risk Management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated basis.

(a) Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations. Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, trade and other receivables, and foreign exchange forward contracts.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The credit risk associated with foreign exchange forward contracts arises from the possibility that the counterparty to one of these contracts fails to perform according to the terms of the contract. Credit risk associated with foreign exchange forward contracts is minimized by entering into such transactions with major Canadian and U.S. financial institutions.

In the normal course of business, the Company is exposed to credit risk from its customers. The Company has three customers whose sales were 30.8%, 20.5%, and 9.8% of its production sales for the year ended December 31, 2025 (2024 - 29.1%, 21.9%, and 10.3%). A substantial portion of the Company's trade receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. The level of trade receivables that were past due as at December 31, 2025 is within the normal payment pattern of the industry. The allowance for doubtful accounts is less than 1.0% of total trade receivables for all periods and movements in the period were minimal.

The aging of trade receivables at the reporting date was as follows:

	December 31, 2025	December 31, 2024
0-60 days	\$ 508,403	\$ 565,970
61-90 days	4,107	852
Greater than 90 days	4,614	4,251
	\$ 517,124	\$ 571,073

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company manages liquidity risk by monitoring sales volumes and collection efforts to ensure sufficient cash flows are generated from operations to meet its liabilities when they become due. Management monitors consolidated cash flows on a weekly basis covering a rolling 12-week period, quarterly through forecasting and annually through the Company's budget process. At December 31, 2025, the Company had cash of \$174,144 (December 31, 2024 - \$167,951) and banking facilities available as discussed in note 12. All of the Company's financial liabilities other than long-term debt have maturities of approximately 60 days.

A summary of contractual maturities of long-term debt is provided in note 12.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk as a significant portion of the Company's long-term debt bears interest at rates linked to the US prime, Canadian prime, SOFR or the CORRA rates. The interest on the bank facility fluctuates depending on the achievement of certain financial debt ratios.

The interest rate profile of the Company's long-term debt was as follows:

	Carrying amount	
	December 31, 2025	December 31, 2024
Variable rate instruments	\$ 808,535	\$ 963,556
Fixed rate instruments	60,274	17,858
	\$ 868,809	\$ 981,414

Sensitivity analysis

An increase of 1.0% in all variable interest rate debt would, all else being equal, have an effect of \$9,247 (2024 - \$10,013) on the Company's consolidated financial results for the year ended December 31, 2025.

(d) Currency risk

Currency risk refers to the risk that the value of the financial instruments or cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The Company undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

At December 31, 2025, the Company had committed to the following foreign exchange contracts:

Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss

Currency - Buy/Sell	For U.S. dollars		For Canadian dollars		Maximum period in months
	Amount of U.S. dollars	Weighted average exchange rates	Amount of CAD	Weighted average exchange rates	
Buy Mexican Peso	\$ 7,890	\$ 19.0124	\$ -	\$ -	1
Sell Euro	-	-	3,347	1.6733	1
Sell Chinese Yuan	5,500	0.1420	-	-	1
Sell Brazilian Real	4,000	0.1835	-	-	1

The aggregate value of these forward contracts as at December 31, 2025 was a pre-tax gain of \$839 and was recorded in trade and other receivables (December 31, 2024 - pre-tax gain of \$2,286 recorded in trade and other receivables).

The Company's exposure to foreign currency risk reported in the foreign currency was as follows:

December 31, 2025	USD	EURO	PESO	BRL	CNY
Trade and other receivables	\$ 307,315 €	77,780 \$	9,249 R\$	12,351 ¥	53,392
Trade and other payables	(451,490)	(148,952)	(451,009)	(37,388)	(60,597)
Long-term debt	(272,697)	(2,002)	-	-	-
	\$ (416,872) €	(73,174) \$	(441,760) R\$	(25,037) ¥	(7,205)

December 31, 2024	USD	EURO	PESO	BRL	CNY
Trade and other receivables	\$ 314,371 €	77,985 \$	64,329 R\$	26,197 ¥	59,071
Trade and other payables	(406,531)	(171,618)	(718,970)	(66,613)	(87,903)
Long-term debt	(386,000)	(5,230)	-	-	-
	\$ (478,160) €	(98,863) \$	(654,641) R\$	(40,416) ¥	(28,832)

The following summary illustrates the fluctuations in the foreign exchange rates applied:

	Average rate		Closing rate	
	Year ended December 31, 2025	Year ended December 31, 2024	December 31, 2025	December 31, 2024
USD	1.4010	1.3627	1.3672	1.4412
EURO	1.5648	1.4802	1.6099	1.5021
PESO	0.0722	0.0759	0.0763	0.0709
BRL	0.2483	0.2589	0.2466	0.2327
CNY	0.1943	0.1897	0.1951	0.1977

Sensitivity analysis

The Company does not have significant foreign currency exposure based on each subsidiary's functional currency. However, a 10% strengthening of the Canadian dollar against the following currencies at December 31, would give rise to a translation risk on net income and would have increased (decreased) equity, profit or loss and comprehensive income for the year ended December 31, 2025 and 2024 by the amounts shown below, assuming all other variables remain constant:

	Year ended December 31, 2025	Year ended December 31, 2024
USD	\$ (7,271)	\$ (2,588)
EURO	237	4,864
BRL	210	1,462
CNY	(109)	2,025
	\$ (6,933)	\$ 5,763

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

A weakening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with complementary acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive income and retained earnings, and debt.

The Company manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue shares, repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

In addition to debt and equity, the Company may use leases as additional sources of financing. The Company monitors debt leverage ratios as part of the management of liquidity and shareholders' return and to sustain future development of the business. The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the prior year.

23. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain manufacturing facilities, manufacturing equipment, office equipment and vehicles under short-term leases and enters into purchase obligations in the normal course of business related to inventory, services, tooling and property, plant and equipment. The aggregate expected payments towards those obligations are as follows:

	December 31, 2025	December 31, 2024
Future minimum lease payments*	\$ 1,578	\$ 1,142
Capital and other purchase commitments	390,857	452,815
Letters of credit	19,297	21,774
	\$ 411,732	\$ 475,731

*These amounts relate to leases that did not meet the recognition criteria for lease liabilities under IFRS 16.

Future minimum lease payments under short-term leases are due as follows:

	December 31, 2025	December 31, 2024
Less than one year	\$ 1,310	\$ 720
Between one and five years	268	422
	\$ 1,578	\$ 1,142

Contingencies

The Company has contingent liabilities relating to legal and tax proceedings arising in the normal course of its business. Known claims and litigation involving the Company or its subsidiaries were reviewed at the end of the reporting period. Based on the advice of legal counsel, all necessary provisions have been made to cover the related risks, however, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any claims and ensuing proceedings are determined adversely to the Company, the amounts the Company may be required to pay could be material and in excess of any amounts accrued. In addition, new proceedings may be initiated against the Company as a result of facts or circumstances unknown at the date of these consolidated financial statements or for which the risk cannot yet be determined or quantified. Such proceedings could have a significant adverse impact on the Company's financial results.

Tax contingencies

The Company conducts business in various tax jurisdictions globally, and as a result, it is subject to tax audits and assessments in many of these jurisdictions. These audits are a regular part of the Company's operations and cover a range of subjective areas of taxation and significant judgement, including intercompany transactions, the deductibility of certain expenses, the application of tax treaties and value added tax ("VAT") credits claimed on certain purchases.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo's tax authorities for certain historical VAT credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties, and interest charges. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities and most recent developments surrounding the assessments, is approximately \$38,258 (BRL \$155,125) including interest and penalties to December 31, 2025 (December 31, 2024 - \$38,691 or BRL \$166,277). The assessments are at various stages in the process. Four assessments totaling \$23,393 (BRL \$94,854) including interest and penalties as at December 31, 2025, have entered the judicial litigation process. The Company's subsidiary may be required to present guarantees related to these assessments up to \$21,531 (BRL \$87,301) shortly through a pledge of assets, bank letter of credit or cash deposit.

The Company's subsidiaries in Mexico and Germany are currently being assessed by Federal and State Tax authorities for tax deductions taken mainly in respect of certain intercompany transactions. Based on the audit assessments issued by the tax authorities, the potential exposure, including interest and penalties to December 31, 2025, is approximately \$403,639 (MXN \$5,291,065) (December 31, 2024 - \$141,187 or MXN \$1,991,745) in Mexico for 2013 and 2015 to 2018 tax years, and \$34,270 (EURO €21,287) (December 31, 2024 - \$30,407 or EURO €20,243) in Germany for 2014 to 2016 tax years.

The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will continue to vigorously defend against such assessments. No provision has been recorded by the Company in connection with the Brazilian and Mexican contingencies at this stage, as the Company has concluded that it is not probable that a liability will result from these matters. A provision related to the German contingency in the amount of \$450 has been recorded, which the Company believes is adequate for all open tax years based on its assessment of many factors, including interpretations of international tax laws and prior experience.

24. GUARANTEES

The Company is a guarantor under a tooling financing program. The tooling financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to the tooling suppliers through this financing arrangement do not appear on the Company's consolidated balance sheet unless the sale on the corresponding tooling project has been recognized, at which point a tooling trade payable on the project is recorded. At December 31, 2025, the amount of the off-balance sheet program financing was \$9,781 (December 31, 2024 - \$9,948) representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee.

The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligations to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of the tooling supplier default as remote. No such defaults occurred during 2025 or 2024. Moreover, if such an instance were to occur, the Company would obtain the tooling inventory. The term of the guarantee will vary from program to program, but typically range up to twenty-four months.

25. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel include the Board of Directors and the most Senior Corporate Officers of the Company that are primarily responsible for planning, directing, and controlling the Company's business activities.

The compensation expense associated with key management for employee services was included in employee salaries and benefits as follows:

	Year ended		Year ended	
	December 31, 2025		December 31, 2024	
Salaries, pension and other short-term employee benefits	\$	16,821	\$	15,563
RSU, PSU and DSU compensation expense (benefit) (including changes in fair value during the year)		10,846		3,084
Stock-based compensation expense		697		187
Net expense	\$	28,364	\$	18,834

Martinrea International Inc.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

26. ACQUISITION

On October 20, 2025, the Company acquired certain assets and assumed certain liabilities of Lyseon North America, Inc. ("Lyseon"). Lyseon operated a plant in Tulsa, Oklahoma, and was engaged primarily in manufacturing metal parts and assemblies for the bus market. The net cash purchase price for the transaction was US \$1,250 (\$1,754), including working capital, and on a debt free basis.

27. SUBSEQUENT EVENT

On February 5, 2026, the Company entered into an agreement to sell one of its plants in China for CNY ¥8,000 (\$1,577). The transaction is expected to close in the second quarter of 2026 subject to various closing conditions, including government approval in China and, as such, there can be no assurance that the transaction will ultimately be consummated.

CORPORATE INFORMATION

Corporate Head Office

Martinrea International Inc.
3210 Langstaff Road
Vaughan, Ontario L4K 5B2
E: investor@martinrea.com
W: www.martinrea.com

Board of Directors

Rob Wildeboer
Executive Chairman
Martinrea International Inc.

Pat D'Eramo
Chief Executive Officer
Martinrea International Inc.

Idefonso Guajardo Villarreal⁽³⁾
Consultant

Terry Lyons^{(2), (3)}
Corporate Director

Maureen Midgley⁽¹⁾
Retired, Global Vice President, Amazon.com

Fred Olson^{(1), (2), (3), (4)}
Retired, President and CEO, Webasto Product North America

Sandra Papatello^{(2), (3)}
Senator and President of Canadian International Avenues Ltd.

Dave Schoch^{(1), (2)}
Retired, Group Vice President and President, Asia Pacific, and Chairman and Chief Executive Officer, Ford China

Molly Shoichet⁽¹⁾
University Professor and Canada Research Chair, Tissue Engineering, Chemical Engineering & Applied Chemistry, University of Toronto

Ed Waitzer⁽³⁾
Waitzer Professional Corporation

- (1) Member, Human Resources and Compensation Committee
(2) Member, Audit Committee
(3) Member, Corporate Governance and Nominating Committee
(4) Lead Director

Corporate Executive Officers

Pat D'Eramo, Chief Executive Officer
Rob Wildeboer, Executive Chairman
Fred Di Tosto, President
Peter Cirulis, Chief Financial Officer
Armando Pagliari, Executive VP, Human Resources
Kerri Pope, General Counsel and Corporate Secretary

Certificate Transfer and Address Change

Computershare Investor Services Inc.
320 Bay Street, 14th Floor
Toronto Ontario M5H 4A6
T: 1-800-564-6523/1-514-982-7555
F: 1-866-249-7775
E: service@computershare.com

Registrar and Transfer Agent

Computershare Investor Services Inc.
320 Bay Street, 14th Floor
Toronto Ontario M5H 4A6
T: 1-800-564-6523/1-514-982-7555
F: 1-866-249-7775
E: service@computershare.com

Shareholder Inquiries/Investor Relations

All inquiries should be directed to:
Neil Forster, Director, Investor Relations and Corporate Development
Martinrea International Inc.
3210 Langstaff Road
Vaughan, Ontario L4K 5B2
T: 416-749-0314
F: 289-982-3001

Media Inquiries

All inquiries should be directed to:
Deanna S. Lorincz
Global Director, Communications and Marketing
Martinrea International Inc.
2100 N. Opdyke Rd
Auburn Hills, Michigan 48326
T: 248-392-9767

Auditors

KPMG LLP
100 New Park Place
Suite 1400
Vaughan, Ontario L4K 0J3
T: 905-265-5900
F: 905-265-6390

Stock Listing

The Toronto Stock Exchange (TSX: MRE)



MARTINREA INTERNATIONAL INC.

Website: www.martinrea.com
Investor Information: investor@martinrea.com