

20th
YEARS
ANNIVERSARY

INVESTOR NEWSLETTER

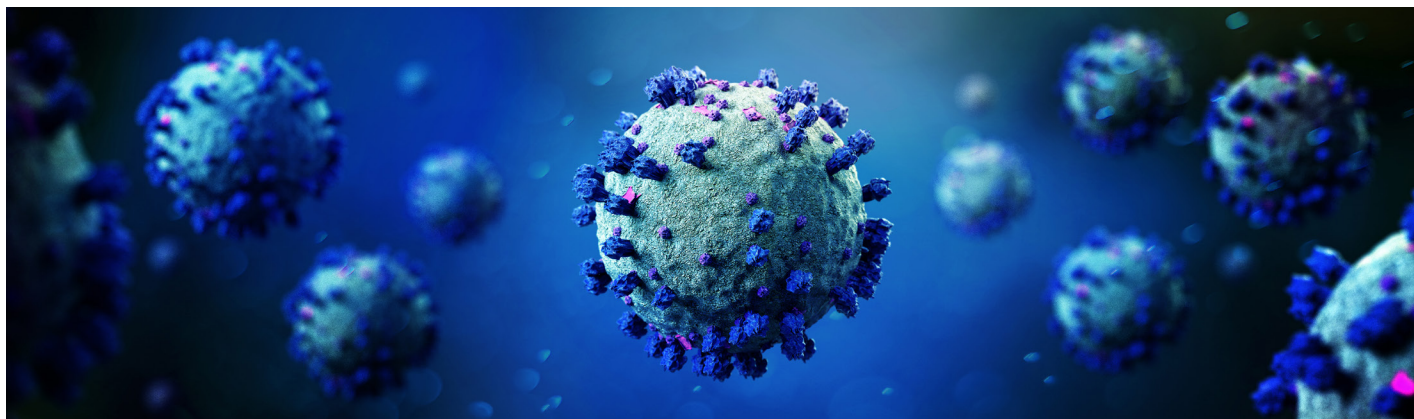
March 2022

Key Learnings
Two Years into the
Pandemic

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Key Learnings Two Years into the Pandemic



As we approach the second anniversary of the World Health Organization (WHO) declaring COVID-19 a global pandemic, and as restrictions continue to be lifted across the globe, we reflect on some key learnings during this challenging period, and why we believe our organization and our people are stronger, and better-equipped to deal with future crises as a result of these learnings. As Winston Churchill famously said, “Never let a good crisis go to waste”. Our Company has seized the opportunity brought about by the pandemic to drive a variety of operational and organizational enhancements that not only enabled us to survive in the short-term, but will allow us to thrive and be a more sustainable organization over the long-term. Our unique culture, comprised of entrepreneurship, lean manufacturing principles, and the Golden Rule philosophy (treating others the way we want to be treated – with dignity and respect) enabled us to navigate this challenging period decisively and effectively.

Here are some of the key lessons that were learned, or reinforced during the pandemic:

SAFETY IS EVERYTHING

Safety has always been a cornerstone of our culture. People need to be safe and feel safe to be effective at work. We have always taken this responsibility very seriously, and our safety metrics, which are industry-leading, are a testament to this. In the days following the declaration of COVID-19 as a global pandemic, our industry shut down for more than two months. To reopen, we had to ensure our employees could return safely – not only because governments required it, but because it was the right thing to do, and consistent with our Golden Rule philosophy and the Job Security element of our Employee Bill of Rights.

With the above in mind, Martinrea was actively involved in the industry-wide response to the pandemic, working with the Original Equipment Suppliers Association (OESA) in the U.S., and the Canadian Automotive Partnership Council (chairing the COVID-19 Task Force) to develop industry-wide protocols, which have been recognized by all industry participants and appropriate levels of government. These protocols allowed our employees to safely return to work and have been effective in minimizing the impact of the virus on our workers.



EMPLOYEE BILL OF RIGHTS

Job Security

Every employee is an important member of the Martinrea team. Together we build our future and protect our job security by exceeding customer expectations while remaining competitive within our industry.

Health and Safety

Our employees work in a safe, healthy environment and an ergonomically friendly workplace.

Fair Treatment

Our employees shall be treated with dignity and respect. Accordingly, we provide equal opportunities in a workplace free from discrimination and harassment.

Compensation

Our wages and benefit programs are reviewed annually to ensure that employees receive fair compensation for the industry in which we work and the communities in which we live.

Coaching

Regular feedback will be provided so our employees know where they stand at all times and can build on their strengths.

Training

Employees shall be provided the opportunity to develop to their full potential through ongoing training and continuous learning.

Communication

We believe in open, honest two-way communication supported by visible, responsible action in a timely manner.

Open Door Policy

If an employee feels that his or her rights under the Martinrea Employee Bill of Rights are not being met or if they have any questions, concerns, or suggestions, they are encouraged to approach any member of the management team up to and including the CEO. Our doors are always open. We promise to listen and respond appropriately without reprisal or retaliation.

In addition, the Company developed a production line to manufacture Level 3 face masks for all employees globally, with excess masks provided to family members, food banks, public health workers and other worthy recipients. One million face masks were donated to the Province of Ontario. We also produced 30,000+ ventilator stands for General Motors, as well as face shields, and other personal protection equipment (PPE), and assisted in testing and vaccination programs and other volunteer efforts throughout the pandemic. We did this to help protect our employees and the people in our communities.

HOW TO ACT QUICKLY AND DECISIVELY IN UNCERTAIN TIMES



In March 2020, when our industry shut down, we had to act quickly and decisively to protect the health of the organization. Our emphasis was on safety, cash conservation, and enhancing liquidity. We had limited information as to the severity of the virus or how long the pandemic would drag on for. As such, we had to be flexible, think on our feet, and make some tough decisions to put the Company in the best position to survive and to thrive once our industry reopened. In addition to the safety measures previously discussed, the Company took aggressive actions in March and during the second quarter of 2020 to conserve cash, including a significant number of temporary hourly and salaried employee layoffs, temporary salary reductions, the curtailment of capital spending, and the suspension of the Company's share buyback program under its normal course issuer bid. We also enhanced our liquidity position through amendments to our credit agreements that increased the availability under our revolving credit lines and provided the Company with debt covenant relief. In addition to cost and liquidity measures, we took advantage of the shutdown period to accelerate planned operating improvements through Lean initiatives which has made us more efficient. This should translate to improved margins over time.

The actions we took during this period were not easy – particularly the temporary layoffs and salary reductions that affected our employees. We were happy to be able to call our people back once the industry reopened, and to be able to restore salaries to prior levels shortly thereafter. Our people persevered through this difficult time and remained motivated and committed to positioning the Company for future success. We cannot thank them enough.

We continue to face headwinds from the ongoing semiconductor shortage and other supply chain issues, cost inflation, labour shortages, and a heavy launch cycle that are weighing on margins in the moment. Once again, we are doing everything we can to manage costs, protect our balance sheet, and ensure the sustainability of our business well into the future. We are confident that our team will once again navigate these challenges successfully as we have done with all challenges in our history, guided by our culture, entrepreneurial spirit, and decentralized structure that promotes ownership and accountability, and empowers people to act quickly and decisively.

INNOVATION IS KEY TO BUILDING A SUSTAINABLE FUTURE



Innovation has always been a key part of the Martinrea culture. Throughout our history, we have introduced a variety of innovative products to our customers, including graphene-enhanced brake lines, capless fuel fillers, and others. We have also introduced multiple process innovations including the joining of steel and aluminum in automotive assemblies, flexible weld lines in our metalics business, and micro spraying, among others. In 2017, we made our initial investment in NanoXplore and increased our position over the next several years to our current 22.2% ownership level to help advance the development of a high-performance material with potential applications both inside and outside of the automotive industry.

As mentioned earlier, we built masks and ventilator stands during the pandemic in order to help support our people and communities. This got us thinking more broadly about innovation. We have the capability and skill set to design, engineer, and manufacture a broad range of products for customers within, but not limited to, our traditional automotive end markets.

At the same time, automakers are advancing their electric vehicle plans, and substantial investments are being made in battery capacity. To address the need, we entered into our VoltaXplore joint venture with NanoXplore to manufacture graphene-enhanced lithium-ion batteries. Our 1 MWh demonstration facility

in Montreal is being commissioned, the equipment is in, and we are ramping up. We expect to be in a position to decide whether or not to build a larger 10 GWh facility (likely in two phases) by mid-year.

On November 4, 2021, we announced our Martinrea Innovation Development (MiND) initiative. Led by Bruce Johnson, Executive Vice President, MiND is dedicated towards incubating, developing, and funding innovative technologies that can be directly applied to Martinrea's operations. MiND oversees Martinrea's equity investments in NanoXplore, VoltaXplore, and AlumaPower – a private company that is developing aluminum air battery technology for a variety of end markets, including automotive. Other initiatives that are currently being evaluated include additive manufacturing, robotics, and software.

While innovation has always been a core focus for our Company, we have accelerated the pace of innovation over the last couple of years and are dedicating more resources to it than ever before. We expect to realize the benefits of these efforts in the months and years ahead.

THE IMPORTANCE OF SUPPLY CHAIN RESILIENCY



Prior to the pandemic, supply chain management focused primarily on being as efficient as possible through just-in-time inventory and other initiatives. Having lived through a period of significant supply chain disruptions including shortages of semiconductors and other key inputs, the focus has increasingly shifted to structuring supply chains that are not only efficient, but also resilient. Supply chain breadth is likely to get a lot more attention than it has in the past, and we believe there will be a greater level of coordination between automotive OEMs and suppliers of key components.

In response to this trend, Martinrea has partnered with Canadian technology ThinkData Works and U.S.-based Palantir Technologies to develop a Supply Chain Resiliency Platform solution. This platform will enable any organization to introduce a digital representation of their supply chain and combine it with global supply chain events data and alternative-supplier catalogues from ThinkData's External Data Management Software. This solution will enable a centralized overview of Martinrea's supply chain operations, prediction of and alerting to potentially disruptive events, recommended mitigation actions, and ultimately prevent production delays. We expect this to unlock more than \$40 million of estimated annual value from avoided disruptions, realized savings, and operational optimization. The project will be funded by Next Generation Manufacturing Canada (NGen) under Canada's Innovation Supercluster Initiative.

Our Future is Bright!

While the last couple of years were some of the most challenging in the history of our Company, we believe the experience has made our organization and its people stronger. We are not out of the woods yet. We continue to navigate our way through production challenges caused by the global semiconductor shortage and other supply chain issues, as well as cost inflation, and tight labour market conditions. However, the situation appears to be stabilizing, as the rate of production call-offs by our OEM customers has eased.

While it's still early days, and visibility remains limited, our expectation that results would bottom in Q3 2021 and gradually improve through the first half of 2022, with an acceleration in the second half of the year appears to be on track thus far. Consumer demand for new vehicles remains as strong as ever, and we expect our plants to be running flat out once we get past these remaining supply challenges. This, combined with a normalization in new business launch activity should set the stage for us to deliver on our 2023 targets, including over \$200 million in Free Cash Flow. Our team is very capable and motivated, which gives us a high degree of conviction in our outlook.

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