MARTINREA INTERNATIONAL INC.

REPORT TO SHAREHOLDERS

FOR THE FIRST QUARTER ENDING MARCH 31, 2025

FIRST QUARTER REPORT

March 31, 2025

MESSAGE TO SHAREHOLDERS

The Company's first quarter showed solid sales of approximately $1,168 million, a good start to the year. We showed a sequential improvement in margin and profitability from our fourth quarter. There are many challenges in the industry currently, but we are addressing them well. Our Company continues to improve in a tough automotive environment, driving our One Martinrea culture. Our financial position remains strong and our future is bright.

We thank you for your ongoing support as we work hard to build our company and your company.

(Signed) *"Rob Wildeboer"*

Rob Wildeboer
Executive Chairman

PRESS RELEASE

FOR IMMEDIATE RELEASE
MAY 1, 2025

MARTINREA INTERNATIONAL INC. REPORTS FIRST QUARTER RESULTS AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the first quarter ended March 31, 2025, and declared a quarterly cash dividend of $0.05 per share.

FIRST-QUARTER HIGHLIGHTS

- Total sales of $1,168.2 million, production sales of $1,125.7 million.
- Diluted net earnings per share of $0.24 and Adjusted Net Earnings per Share(1) of $0.41.
- Adjusted EBITDA(1) of $140.9 million, 12.1% of total sales.
- Adjusted Operating Income Margin(1) of 5.3%, a notable improvement over 3.5% in the fourth quarter of 2024.
- Free Cash Flow(1) (excluding principal payments of IFRS 16 lease liabilities) was ($25.4) million, reflecting a typical seasonal build in non-cash working capital.
- Net Debt-to-Adjusted EBITDA(1) ratio, excluding the impact of IFRS 16, ended the first quarter at 1.64x.
- New business awards of approximately $60 million in annualized sales at mature volumes.
- Quarterly cash dividend of $0.05 per share declared.

OVERVIEW

Pat D'Eramo, Chief Executive Officer, stated: "Our first quarter financial results improved over the fourth quarter on higher production sales, and better margins. As we previously discussed, our fourth quarter results were impacted by an OEM vehicle inventory correction, which mainly affected the Detroit 3 customer base in North America. While we continued to see some impact from these adjustments in the first quarter, volumes improved, and inventories are now at a more normal level based on market demand. Looking forward, U.S. tariffs on automotive imports are clouding the outlook for our business and industry. These tariffs have already had a disruptive effect, with OEMs announcing temporary shutdowns of assembly plants and volume reductions on certain programs. Some of this is also related to continued weak demand for EV platforms. We are focusing on the factors that are within our control, including operational improvements, cost reductions (including $50 million in targeted annual SG&A savings), free cash flow generation, and preserving our strong balance sheet. We will navigate these challenges as we have managed other challenges in the past and emerge as a stronger supplier once the tide turns in our industry, as it always has."

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[1] The Company prepares its financial statements in accordance with IFRS Accounting Standards ("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, included anywhere in this press release, include "Adjusted Net Income", "Adjusted Net Earnings 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 relevant IFRS financial measure, as applicable, and a reconciliation of certain non-IFRS financial measures to measures determined in accordance with IFRS are contained in the Company's Management Discussion and Analysis for the three months ended March 31, 2025 and in this press release.

He continued: “I am pleased to announce that we have been awarded new business representing approximately $60 million in annualized sales at mature volumes, consisting of $55 million in Lightweight Structures with General Motors and Mercedes, and $5 million in our Flexible Manufacturing Group with Volvo Truck. New business awards over the last four quarters total $260 million in annualized sales at mature volumes.”

Peter Cirulis, Chief Financial Officer, stated: “Overall, we are pleased with our first quarter financial performance, which was a good start to the year. We are executing well in a tough market. Sales for the first quarter, excluding tooling sales of $42.6 million, were $1,125.7 million. Adjusted Operating Income(1) was $61.9 million, and Adjusted Operating Income Margin(1) of 5.3% was up 180 basis points over the fourth quarter of 2024, as we began recovering from the OEM vehicle inventory correction noted earlier. Free Cash Flow(1) (excluding principal payments of IFRS 16 lease liabilities) was ($25.4) million, reflecting a normal seasonal build in non-cash working capital. Free Cash Flow(1) is expected to improve as the year progresses, based on the typical seasonal pattern, excluding any tariff impacts.”

Rob Wildeboer, Executive Chairman, stated: “We are executing well operationally and financially, and allocating capital with a view to preserving a strong balance sheet and maximizing long-term returns for our stakeholders. Balancing capital allocation between share buybacks and debt reduction continues to be a priority. In light of the current trade uncertainty, we have elected to temporarily pause share buybacks under our normal course issuer bid until we have more clarity on the impact that tariffs are likely to have on our business. In the meantime, Free Cash Flow(1) will primarily go towards debt repayment. On behalf of the executive management team, we would like to thank our people for their hard work and flexibility in these dynamic times, as well as our shareholders and other stakeholders for their ongoing support.”

RESULTS OF OPERATIONS

All amounts in this press release are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares.

Additional information about the Company, including the Company’s Management Discussion and Analysis of Operating Results and Financial Position for the three months ended March 31, 2025 (“MD&A”), the Company’s interim condensed consolidated financial statements for the three months ended March 31, 2025 (the “interim financial statements”) and the Company’s Annual Information Form for the year ended December 31, 2024 can be found on the Company’s profile at www.sedarplus.ca.

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 table sets out certain highlights of the Company’s performance for the three months ended March 31, 2025 and 2024. Refer to the Company’s interim financial statements for the three months ended March 31, 2025 for a detailed account of the Company’s performance for the periods presented in the table below.

	Three months ended March 31, 2025		Three months ended March 31, 2024		$ Change	% Change
Sales	$	1,168,231	$	1,323,913	(155,682)	(11.8%)
Gross Margin		151,599		172,537	(20,938)	(12.1%)
Operating Income		45,105		72,932	(27,827)	(38.2%)
Net Income for the period		17,474		43,650	(26,176)	(60.0%)
Net Earnings per Share - Basic and Diluted	$	0.24	$	0.56	(0.32)	(57.1%)
Non-IFRS Measures*						
Adjusted Operating Income	$	61,942	$	79,187	(17,245)	(21.8%)
% of Sales		*5.3 %*		*6.0 %*		
Adjusted EBITDA		140,921		162,830	(21,909)	(13.5%)
% of Sales		*12.1 %*		*12.3 %*		
Adjusted Net Income		29,520		48,097	(18,577)	(38.6%)
Adjusted Net Earnings per Share - Basic and Diluted	$	0.41	$	0.62	(0.21)	(33.9%)

***Non-IFRS Measures**

The Company prepares its interim 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", "Adjusted Net Earnings 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" to Non-IFRS "Adjusted Net Income", "Adjusted Operating Income" and "Adjusted EBITDA":

		Three months ended March 31, 2025		Three months ended March 31, 2024
Net Income	$	17,474	$	43,650
Adjustments, after tax*		12,046		4,447
Adjusted Net Income	$	29,520	$	48,097

**Adjustments are explained in the "Adjustments to Net Income" section of this Press Release*

		Three months ended March 31, 2025		Three months ended March 31, 2024
Net Income	$	17,474	$	43,650
Income tax expense		7,915		13,918
Other finance expense (income)		2,231		(5,443)
Share of loss of equity investments		797		634
Finance expense		16,688		20,173
Adjustments, before tax*		16,837		6,255
Adjusted Operating Income	$	61,942	$	79,187
Depreciation of property, plant and equipment and right-of-use assets		77,135		81,037
Amortization of development costs		1,795		2,494
Loss on disposal of property, plant and equipment		49		112
Adjusted EBITDA	$	140,921	$	162,830

**Adjustments are explained in the "Adjustments to Net Income" section of this Press Release*

SALES

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
North America	$ 885,060	$ 963,943	(78,883)	(8.2%)
Europe	255,338	334,010	(78,672)	(23.6%)
Rest of the World	33,749	31,762	1,987	6.3%
Eliminations	(5,916)	(5,802)	(114)	(2.0%)
Total Sales	$ 1,168,231	$ 1,323,913	(155,682)	(11.8%)

The Company's consolidated sales for the first quarter of 2025 decreased by $155.7 million or 11.8% to $1,168.2 million as compared to $1,323.9 million for the first quarter of 2024. The total decrease in sales was driven by year-over-year decreases in the North America and Europe operating segments, partially offset by a year-over-year increase in the Rest of the World.

Sales for the first quarter of 2025 in the Company's North America operating segment decreased by $78.9 million or 8.2% to $885.1 million from $963.9 million for the first quarter of 2024. The decrease was due to programs that ended production during or subsequent to the first quarter of 2024, specifically the Ford Edge, Chevrolet Malibu, and an aluminum engine block for Stellantis; and lower year-over-year OEM production volumes on certain light vehicle platforms, including the Jeep Grand Cherokee and Wagoneer, General Motors' large pick-up truck and SUV platform, the Ford Escape and Maverick, and Mercedes' new electric vehicle platform (EVA2). These negative factors were partially offset by the launch and ramp up of new programs, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year production volumes of certain light vehicle platforms including the Ford Mustang Mach E, and 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 first quarter of 2025 of $44.3 million; and an increase in tooling sales of $10.0 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. Overall first quarter industry-wide OEM light vehicle production volumes in North America decreased by approximately 5% year-over-year.

Sales for the first quarter of 2025 in the Company's Europe operating segment decreased by $78.7 million or 23.6% to $255.3 million from $334.0 million for the first quarter of 2024. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, and the Mercedes' new electric vehicle platform (EVA2); programs that ended production during or subsequent to the first quarter of 2024, specifically the BMW Mini; and a decrease in tooling sales of $32.2 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the first quarter of 2024, including Volkswagen's new electric vehicle platform (PPE); higher year-over-year OEM production volumes on certain platforms, including the Lucid Air; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the first quarter of 2025 of $4.3 million. Overall first quarter industry-wide OEM light vehicle production volumes in Europe decreased by approximately 7% year-over-year.

Sales for the first quarter of 2025 in the Company's Rest of the World operating segment increased by $2.0 million or 6.3% to $33.7 million from $31.8 million for the first quarter of 2024. The increase was largely driven by the launch and ramp up of new programs, specifically the BMW 5-series in China; partially offset by lower year-over-year production volumes with Jaguar Land Rover, and a decrease in tooling sales of $1.1 million.

Overall tooling sales decreased by $23.8 million (including outside segment sales eliminations) to $42.6 million for the first quarter of 2025 from $66.4 million for the first quarter of 2024.

GROSS MARGIN

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Gross margin	$ 151,599	$ 172,537	(20,938)	(12.1%)
% of Sales	13.0%	13.0%		

The gross margin percentage for the first quarter of 2025 of 13.0% was in-line with the first quarter of 2024. The positive impacts from a decrease in tooling sales, which typically earn low margin for the Company, and productivity and efficiency improvements at certain operating facilities and other improvements, were essentially offset by lower contribution from overall lower sales volume, 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 for the quarter on a year-over-year basis.

ADJUSTMENTS TO NET INCOME

Adjusted Net Income excludes certain items as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income 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 March 31, 2025 to three months ended March 31, 2024 comparison

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change
NET INCOME	**$ 17,474**	**$ 43,650**	**$ (26,176)**
Adjustments:			
Restructuring costs (1)	16,837	6,255	10,582
ADJUSTMENTS, BEFORE TAX	**$ 16,837**	**$ 6,255**	**$ 10,582**
Tax impact of adjustments	(4,791)	(1,808)	(2,983)
ADJUSTMENTS, AFTER TAX	**$ 12,046**	**$ 4,447**	**$ 7,599**
ADJUSTED NET INCOME	**$ 29,520**	**$ 48,097**	**$ (18,577)**
Number of Shares Outstanding – Basic (‘000)	72,788	77,900	
Adjusted Basic Net Earnings Per Share	$ 0.41	$ 0.62	
Number of Shares Outstanding – Diluted (‘000)	72,788	77,960	
Adjusted Diluted Net Earnings Per Share	$ 0.41	$ 0.62	

(1) Restructuring costs

Additions to the restructuring provision during the first quarter of 2025 totalled $16.8 million and represent employee-related severance resulting from the rightsizing of certain operations in Germany ($12.8 million), Mexico ($1.9 million), Canada ($1.3 million), and the United States ($0.8 million).

Additions to the restructuring provision during the first quarter of 2024 totalled $6.3 million and represent employee-related severance resulting from the rightsizing of certain operations in Mexico ($2.8 million), Germany ($1.7 million), Canada ($1.2 million), and the United States ($0.6 million).

NET INCOME

Three months ended March 31, 2025 to three months ended March 31, 2024 comparison.

		Three months ended March 31, 2025		Three months ended March 31, 2024	$ Change	% Change
Net Income	$	17,474	$	43,650	(26,176)	(60.0%)
Adjusted Net Income		29,520		48,097	(18,577)	(38.6%)
Net Earnings per Share						
Basic and Diluted	$	0.24	$	0.56		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.41	$	0.62		

Net Income, before adjustments, for the first quarter of 2025 decreased by $26.2 million to $17.5 million or $0.24 per share, on a basic and diluted basis, from Net Income of $43.7 million or $0.56 per share, on a basic and diluted basis, for the first quarter of 2024. Excluding the adjustments explained in Table A under “Adjustments to Net Income”, Adjusted Net Income for the first quarter of 2025 decreased by $18.6 million to $29.5 million or $0.41 per share on a basic and diluted basis, from $48.1 million or $0.62 per share, on a basic and diluted basis, for the first quarter of 2024.

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

- lower gross margin from lower year-over-year sales volume;
- a net foreign exchange loss of $2.1 million for the first quarter of 2025 compared to a gain of $4.9 million for the first quarter of 2024; and
- a higher effective tax rate (30.1% for the first quarter of 2025 compared to 24.6% for the first quarter of 2024).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously explained; and
- a $3.5 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

DIVIDEND

A cash dividend of $0.05 per share has been declared by the Board of Directors payable to shareholders of record on June 30, 2025, on or about July 15, 2025.

ABOUT MARTINREA

Martinrea International Inc. is a leader in the development and production of quality metal parts, assemblies and modules, fluid management systems, and complex aluminum products focused primarily on the automotive sector. Martinrea currently operates in 56 locations in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain, China, South Africa, and Japan. Martinrea’s vision is making lives better by being the best supplier we can be in the products we make and the services we provide. For more information on Martinrea, please visit www.martinrea.com. Follow Martinrea on X and Facebook.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Thursday, May 1, 2025 at 5:30 p.m. Eastern Time. To participate, please dial 416-641-6104 (Toronto area) or 800-952-5114 (toll free Canada and US) and enter participant code 9082769#. Please call 10 minutes prior to the start of the conference call.

The conference call will also be webcast live in listen-only mode and archived for twelve months. The webcast and accompanying presentation can be accessed at: https://www.martinrea.com/investor-relations/events-presentations/.

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (Conference ID – 3278480#). The rebroadcast will be available until June 2, 2025 at 5:00 p.m.

If you have any teleconferencing questions, please call Ganesh Iyer at 416-749-0314.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This Press Release and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including those related to the Company's expectations as to, or its views or beliefs in or on, the impact of, or duration of, or factors affecting, or expected response to or growth of, improvements in, expansion of and/or guidance or outlook (including for 2025) as to future results, revenue, sales, margin, gross margin, earnings, and earnings per share, adjusted earnings per share, free cash flow, volumes, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, leverage ratios, net debt to adjusted EBITDA(1), debt repayment, Adjusted EBITDA(1), capex levels, working capital levels, cash tax levels, progress on commercial negotiations, the growth of the Company and pursuit of, and belief in, its strategies, the strength, recovery and growth of the automotive industry and continuing challenges, the use of the NCIB, the impact and uncertainty of tariffs and trade issues in the Company's business and its industry, as well as other forward-looking statements. 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, some of which are discussed in detail in the Company's AIF and MD&A for the year ended December 31, 2024 and other public filings which can be found on the Company's profile 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
- Russia and Ukraine War and Middle East Tensions
- Inflationary Pressures
- Regional Energy Shortages
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions (Material Availability or Disruption)
- Semiconductor Chip Shortages and Price Increases
- 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
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change (Including Artificial Intelligence and Electrification)
- A Shift Away from Technologies in Which the Company is Investing

- Dependence Upon Key Personnel
- Limited Financial Resources/Uncertainty of Future Financing/Banking
- Cybersecurity Threats
- 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
- 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.

The common shares of Martinrea trade on The Toronto Stock Exchange under the symbol "MRE".

For further information, please contact:

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MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three months ended March 31, 2025

The following management discussion and analysis (“MD&A”) was prepared as of May 1, 2025 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements for the three months ended March 31, 2025 ("interim financial statements") as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2024 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 per share and number of shares. Additional information about the Company, including the Company’s Annual Information Form ("AIF") dated March 6, 2025 for the year ended December 31, 2024, 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. Martinrea currently employs over 17,000 skilled and motivated people in 56 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 table sets out certain highlights of the Company’s performance for the three months ended March 31, 2025 and 2024. Refer to the Company’s interim financial statements for the three months ended March 31, 2025 for a detailed account of the Company’s performance for the periods presented in the table below.

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% of Sales	*12.1 %*	*12.3 %*		
Adjusted Net Income	29,520	48,097	(18,577)	(38.6%)
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.41	$ 0.62	(0.21)	(33.9%)

*Non-IFRS Measures

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

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Net Income	$ 17,474	$ 43,650
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Amortization of development costs	1,795	2,494
Loss on disposal of property, plant and equipment	49	112
Adjusted EBITDA	$ 140,921	$ 162,830

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

SALES

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
North America	$ 885,060	$ 963,943	(78,883)	(8.2%)
Europe	255,338	334,010	(78,672)	(23.6%)
Rest of the World	33,749	31,762	1,987	6.3%
Eliminations	(5,916)	(5,802)	(114)	(2.0%)
Total Sales	$ 1,168,231	$ 1,323,913	(155,682)	(11.8%)

The Company's consolidated sales for the first quarter of 2025 decreased by $155.7 million or 11.8% to $1,168.2 million as compared to $1,323.9 million for the first quarter of 2024. The total decrease in sales was driven by year-over-year decreases in the North America and Europe operating segments, partially offset by a year-over-year increase in the Rest of the World.

Sales for the first quarter of 2025 in the Company's North America operating segment decreased by $78.9 million or 8.2% to $885.1 million from $963.9 million for the first quarter of 2024. The decrease was due to programs that ended production during or subsequent to the first quarter of 2024, specifically the Ford Edge, Chevrolet Malibu, and an aluminum engine block for Stellantis; and lower year-over-year OEM production volumes on certain light vehicle platforms, including the Jeep Grand Cherokee and Wagoneer, General Motors' large pick-up truck and SUV platform, the Ford Escape and Maverick, and Mercedes' new electric vehicle platform (EVA2). These negative factors were partially offset by the launch and ramp up of new programs, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year production volumes of certain light vehicle platforms including the Ford Mustang Mach E, and 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 first quarter of 2025 of $44.3 million; and an increase in tooling sales of $10.0 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. Overall first quarter industry-wide OEM light vehicle production volumes in North America decreased by approximately 5% year-over-year.

Sales for the first quarter of 2025 in the Company's Europe operating segment decreased by $78.7 million or 23.6% to $255.3 million from $334.0 million for the first quarter of 2024. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, and the Mercedes' new electric vehicle platform (EVA2); programs that ended production during or subsequent to the first quarter of 2024, specifically the BMW Mini; and a decrease in tooling sales of $32.2 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the first quarter of 2024, including Volkswagen's new electric vehicle platform (PPE); higher year-over-year OEM production volumes on certain platforms, including the Lucid Air; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the first quarter of 2025 of $4.3 million. Overall first quarter industry-wide OEM light vehicle production volumes in Europe decreased by approximately 7% year-over-year.

Sales for the first quarter of 2025 in the Company's Rest of the World operating segment increased by $2.0 million or 6.3% to $33.7 million from $31.8 million for the first quarter of 2024. The increase was largely driven by the launch and ramp up of new programs, specifically the BMW 5-series in China; partially offset by lower year-over-year production volumes with Jaguar Land Rover, and a decrease in tooling sales of $1.1 million.

Overall tooling sales decreased by $23.8 million (including outside segment sales eliminations) to $42.6 million for the first quarter of 2025 from $66.4 million for the first quarter of 2024.

GROSS MARGIN

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Gross margin	$ 151,599	$ 172,537	(20,938)	(12.1%)
% of Sales	13.0%	13.0%		

The gross margin percentage for the first quarter of 2025 of 13.0% was in-line with the first quarter of 2024. The positive impacts from a decrease in tooling sales, which typically earn low margin for the Company, and productivity and efficiency improvements at certain operating facilities and other improvements, were essentially offset by lower contribution from overall lower sales volume, 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 for the quarter on a year-over-year basis.

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

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Selling, general & administrative	$ 75,275	$ 78,191	(2,916)	(3.7%)
% of Sales	6.4%	5.9%		

SG&A expense for the first quarter of 2025 decreased by $2.9 million to $75.3 million as compared to SG&A expense for the first quarter of 2024 of $78.2 million. The decrease in SG&A expense can largely be attributed to a decrease in equity-based compensation expense related to deferred, restricted, and performance share units.

SG&A expense as a percentage of sales increased to 6.4% for the first quarter of 2025 compared to 5.9% for the first quarter of 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 March 31, 2025 to three months ended March 31, 2024 comparison

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 73,363	$ 76,967	(3,604)	(4.7%)
Depreciation of PP&E and right-of-use assets (non-production)	3,772	4,070	(298)	(7.3%)
Amortization of development costs	1,795	2,494	(699)	(28.0%)
Total depreciation and amortization	$ 78,930	$ 83,531	(4,601)	(5.5%)

Total depreciation and amortization expense for the first quarter of 2025 decreased by $4.6 million to $78.9 million as compared to $83.5 million for the first quarter of 2024. The decrease in depreciation and amortization expense was primarily 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 first quarter of 2024.

Total depreciation and amortization expense as a percentage of sales increased year-over-year to 6.8% for the first quarter of 2025 from 6.3% for the first quarter of 2024 due mainly to lower overall sales volume.

ADJUSTMENTS TO NET INCOME

Adjusted Net Income excludes certain items as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income 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 March 31, 2025 to three months ended March 31, 2024 comparison

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change
NET INCOME	**$ 17,474**	**$ 43,650**	**$ (26,176)**
Adjustments:			
Restructuring costs (1)	16,837	6,255	10,582
ADJUSTMENTS, BEFORE TAX	**$ 16,837**	**$ 6,255**	**$ 10,582**
Tax impact of adjustments	(4,791)	(1,808)	(2,983)
ADJUSTMENTS, AFTER TAX	**$ 12,046**	**$ 4,447**	**$ 7,599**
ADJUSTED NET INCOME	**$ 29,520**	**$ 48,097**	**$ (18,577)**
Number of Shares Outstanding – Basic (‘000)	72,788	77,900	
Adjusted Basic Net Earnings Per Share	$ 0.41	$ 0.62	
Number of Shares Outstanding – Diluted (‘000)	72,788	77,960	
Adjusted Diluted Net Earnings Per Share	$ 0.41	$ 0.62	

(1) Restructuring costs

Additions to the restructuring provision during the first quarter of 2025 totalled $16.8 million and represent employee-related severance resulting from the rightsizing of certain operations in Germany ($12.8 million), Mexico ($1.9 million), Canada ($1.3 million), and the United States ($0.8 million).

Additions to the restructuring provision during the first quarter of 2024 totalled $6.3 million and represent employee-related severance resulting from the rightsizing of certain operations in Mexico ($2.8 million), Germany ($1.7 million), Canada ($1.2 million), and the United States ($0.6 million).

NET INCOME

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Net Income	$ 17,474	$ 43,650	(26,176)	(60.0%)
Adjusted Net Income	29,520	48,097	(18,577)	(38.6%)
Net Earnings per Share				
Basic and Diluted	$ 0.24	$ 0.56		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.41	$ 0.62		

Net Income, before adjustments, for the first quarter of 2025 decreased by $26.2 million to $17.5 million or $0.24 per share, on a basic and diluted basis, from Net Income of $43.7 million or $0.56 per share, on a basic and diluted basis, for the first quarter of 2024. Excluding the adjustments explained in Table A under “Adjustments to Net Income”, Adjusted Net Income for the first quarter of 2025 decreased by $18.6 million to $29.5 million or $0.41 per share on a basic and diluted basis, from $48.1 million or $0.62 per share, on a basic and diluted basis, for the first quarter of 2024.

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

- lower gross margin from lower year-over-year sales volume;
- a net foreign exchange loss of $2.1 million for the first quarter of 2025 compared to a gain of $4.9 million for the first quarter of 2024; and

- a higher effective tax rate (30.1% for the first quarter of 2025 compared to 24.6% for the first quarter of 2024).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously explained; and
- a $3.5 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

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

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Additions to PP&E	$ 34,247	$ 39,172	(4,925)	(12.6%)

Additions to PP&E decreased by $4.9 million to $34.2 million or 2.9% of sales for the first quarter of 2025 compared to $39.2 million or 3.0% of sales for the first quarter of 2024. General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the three months ended March 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 March 31, 2025 to three months ended March 31, 2024 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three months ended March 31, 2025	Three months ended March 31, 2024
North America	$ 885,060	$ 963,943	$ 61,664	$ 67,151
Europe	255,338	334,010	(1,737)	14,678
Rest of the World	33,749	31,762	2,015	(2,642)
Eliminations	(5,916)	(5,802)	-	-
Adjusted Operating Income			$ 61,942	$ 79,187
Adjustments*			(16,837)	(6,255)
Total	$ 1,168,231	$ 1,323,913	$ 45,105	$ 72,932

******Operating Income (Loss) for the operating segments has been adjusted for certain items as explained in Table A under "Adjustments to Net Income". Of the $16.8 million adjustment for the first quarter of 2025, $4.0 million was recognized in North America and $12.8 million in Europe. Of the $6.3 million adjustment for the first quarter of 2024, $4.6 million was recognized in North America and $1.7 million in Europe.*

North America

Adjusted Operating Income in North America decreased by $5.5 million to $61.7 million or 7.0% of sales for the first quarter of 2025 from $67.2 million or 7.0% of sales for the first quarter of 2024. The Adjusted Operating Income as a percentage of sales for the first quarter of 2025 was in-line with the first quarter of 2024. The positive impacts from productivity and efficiency improvements at certain operating facilities and other improvements were essentially offset by an increase in tooling sales, which typically earn low margin for the Company; the negative impact on margins from lower year-over-year production sales; operational inefficiencies at certain other operating facilities; and lower year-over-year favourable commercial settlements.

Europe

Adjusted Operating Income (Loss) in Europe decreased by $16.4 million to a loss of $1.7 million or (0.7%) of sales for the first quarter of 2025 from income of $14.7 million or 4.4% of sales for the first quarter of 2024. The decrease in Adjusted Operating Income (Loss) was generally due to the negative impact on margins from lower year-over-year production sales, lower tooling sales, and lower favourable commercial settlements; partially offset by productivity and efficiency improvements at certain other operating facilities and other improvements.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World increased by $4.7 million to an income of $2.0 million or 6.0% of sales for the first quarter of 2025 from a loss of $2.6 million or (8.3%) of sales for the first quarter of 2024 due to higher favourable commercial settlements and higher year-over-year production sales.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	$1,168,231	$1,150,928	$1,237,493	$1,301,793	$1,323,913	$1,296,121	$1,378,938	$1,361,055
Gross Margin	151,599	129,040	163,350	183,630	172,537	153,228	181,194	173,589
Operating Income (Loss)	45,105	(90,411)	65,879	76,208	72,932	28,486	83,015	82,436
Adjusted Operating Income	61,942	40,069	65,879	81,563	79,187	56,647	83,015	82,436
Net Income (Loss) for the period	17,474	(133,332)	14,157	40,979	43,650	1,850	53,744	49,900
Adjusted Net Income (Loss)	29,520	(15,596)	14,157	44,383	48,097	29,251	53,744	49,900
Basic and Diluted Net Earnings (Loss) per Share	0.24	(1.82)	0.19	0.54	0.56	0.02	0.68	0.62
Adjusted Basic and Diluted Net Earnings (Loss) per Share	0.41	(0.21)	0.19	0.58	0.62	0.37	0.68	0.62

LIQUIDITY AND CAPITAL RESOURCES

On February 23, 2024, 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 ten banks (down from eleven), include the following:

- an unaltered unsecured credit structure, with a $100 million increase in total borrowing capacity;
- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- a new non-amortizing term loan of $250 million at variable interest rates;
- available revolving credit lines of $350 million (down from $500 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 $300 million, similar to the previous facility;
- pricing terms at market rates including transitioning the interest rate benchmark of the Canadian revolving credit line from Bankers' Acceptance (“BA”) to the Canadian Overnight Repo Rate Average (“CORRA”);
- a maturity date extended to February 2027 (from April 2025); 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 March 31, 2025, $55.0 million (US $38.4 million) (December 31, 2024 - $33.0 million or US $22.9 million) of receivables were sold under the program, of which $15.4 million (US $10.8 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 March 31, 2025, the Company had drawn US $371 million (December 31, 2024 - US $386 million) on the U.S. revolving credit line, $185 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 March 31, 2025, the Company had total liquidity of $520 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 $250 million was available as at March 31, 2025. At March 31, 2025, the weighted average effective interest rate of the banking facility was 5.6% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at March 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%.

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:	**March 31, 2025**	**December 31, 2024**	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**
Long-term debt	$ 1,013,485	$ 981,414	$ 997,353	$ 1,033,586	$ 1,030,194
Less: Cash and cash equivalents	(148,548)	(167,951)	(177,267)	(181,438)	(173,694)
Net Debt	$ 864,937	$ 813,463	$ 820,086	$ 852,148	$ 856,500
Trailing 12-month Adjusted EBITDA	$ 527,971	$ 551,503	$ 560,648	$ 571,185	$ 567,250
Net Debt to Adjusted EBITDA ratio	1.64x	1.47x	1.46x	1.49x	1.51x

Including the impact of IFRS 16:		March 31, 2025		December 31, 2024		September 30, 2024		June 30, 2024		March 31, 2024
Long-term debt	$	1,013,485	$	981,414	$	997,353	$	1,033,586	$	1,030,194
Lease liabilities		241,920		243,411		244,410		252,211		252,485
		1,255,405		1,224,825		1,241,763		1,285,797		1,282,679
Less: Cash and cash equivalents		(148,548)		(167,951)		(177,267)		(181,438)		(173,694)
Net Debt	$	1,106,857	$	1,056,874	$	1,064,496	$	1,104,359	$	1,108,985
Trailing 12-month Adjusted EBITDA	$	592,849	$	614,758	$	623,178	$	632,531	$	627,004
Net Debt to Adjusted EBITDA ratio		1.87x		1.72x		1.71x		1.75x		1.77x

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.

		March 31, 2025		December 31, 2024		September 30, 2024		June 30, 2024		March 31, 2024
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	$	592,849	$	614,758	$	623,178	$	632,531	$	627,004
Principal payments of lease liabilities		(54,105)		(52,330)		(51,324)		(50,073)		(48,574)
Interest on lease liabilities		(10,773)		(10,925)		(11,206)		(11,273)		(11,180)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	$	527,971	$	551,503	$	560,648	$	571,185	$	567,250

The Company’s Net Debt (excluding the impact of IFRS 16) increased by $51.4 million during the first quarter of 2025 to $864.9 million from $813.5 million at the end of the fourth quarter of 2024 due largely to negative Free Cash Flow (after IFRS 16 lease payments) during the quarter, cash restructuring costs of $5.0 million, and $3.6 million in dividends paid during the quarter. As a result, the Company's Net Debt to Adjusted EBITDA ratio (excluding the impact of IFRS 16) increased to 1.64x from 1.47x at the end of the fourth quarter of 2024.

The Company was in compliance with its debt covenants as at March 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 March 31, 2025	Three months ended March 31, 2024	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 118,506	$ 161,076	(42,570)	(26.4%)
Change in non-cash working capital items	(46,100)	(76,226)	30,126	39.5%
	72,406	84,850	(12,444)	(14.7%)
Interest paid	(18,117)	(20,678)	2,561	12.4%
Income taxes paid	(25,873)	(25,118)	(755)	(3.0%)
Cash provided by operating activities	28,416	39,054	(10,638)	(27.2%)
Cash provided by financing activities	17,629	14,613	3,016	20.6%
Cash used in investing activities	(64,913)	(66,470)	1,557	2.3%
Effect of foreign exchange rate changes on cash and cash equivalents	(535)	(307)	(228)	(74.3%)
Decrease in cash and cash equivalents	$ (19,403)	$ (13,110)	(6,293)	(48.0%)

Cash provided by operating activities during the first quarter of 2025 was $28.4 million, compared to $39.1 million in the corresponding period of 2024. The components for the first quarter of 2025 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $118.5 million;
- working capital use of cash of $46.1 million comprised of an increase in trade and other receivables of $115.7 million, and an increase in inventories of $12.1 million; partially offset by an increase in trade, other payables and provisions of $77.8 million, and a decrease in prepaid expenses and deposits of $3.8 million;
- income taxes paid of $25.9 million; and
- interest paid of $18.1 million.

Cash provided by financing activities during the first quarter of 2025 was $17.6 million, compared to $14.6 million in the corresponding period of 2024. The components for the first quarter of 2025 primarily include the following:

- a $35.4 million net increase in long-term debt; partially offset by
- principal payments of lease liabilities of $14.1 million; and
- $3.6 million in dividends paid.

Cash used in investing activities during the first quarter of 2025 was $64.9 million, compared to $66.5 million in the corresponding period of 2024. The components for the first quarter of 2025 primarily include the following:

- cash additions to PP&E of $62.2 million; and
- capitalized development costs relating to upcoming new program launches of $1.7 million.

Taking into account the opening cash balance of $168.0 million at the beginning of the first quarter of 2025, and the activities described above, the cash and cash equivalents balance at March 31, 2025 was $148.5 million.

Free Cash Flow

	Three months ended March 31, 2025	Three months ended March 31, 2024	$ Change
Adjusted EBITDA	$ 140,921	$ 162,830	(21,909)
Add (deduct):			
Change in non-cash working capital items	(46,100)	(76,226)	30,126
Remove impact of restructuring provision	(12,408)	16,179	(28,587)
Purchase of property, plant and equipment (excluding capitalized interest)	(62,230)	(58,273)	(3,957)
Cash proceeds on disposal of property, plant and equipment	36	978	(942)
Capitalized development costs	(1,660)	(1,045)	(615)
Interest paid	(18,117)	(20,678)	2,561
Income taxes paid	(25,873)	(25,118)	(755)
Free Cash Flow	$ (25,431)	$ (1,353)	(24,078)
Principal payments of IFRS 16 lease liabilities	(14,099)	(12,324)	(1,775)
Free Cash Flow (after IFRS 16 lease payments)	$ (39,530)	$ (13,677)	(25,853)

Free Cash Flow for the first quarter of 2025 decreased year-over-year due largely to lower Adjusted EBITDA, and an increase in cash purchases of property, plant and equipment; partially offset by lower interest paid on long-term debt, and a decrease in cash used in 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 ($4.7) million as at March 31, 2025, an increase from ($37.2) million as at December 31, 2024 and ($20.5) million as at March 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 March 31, 2025 and 2024:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Cash provided by operating activities	$ 28,416	$ 39,054
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(62,230)	(58,273)
Cash proceeds on disposal of property, plant and equipment	36	978
Capitalized development costs	(1,660)	(1,045)
Restructuring costs	16,837	6,255
Remove impact of restructuring provision	(12,408)	16,179
Unrealized gain on foreign exchange contracts	452	796
Deferred and restricted share units benefit	3,086	184
Stock options expense	(177)	(42)
Pension and other post-employment benefit expense	(603)	(564)
Contributions made to pension and other post-retirement benefits	589	568
Net unrealized foreign exchange loss (gain) and other expense (income)	2,231	(5,443)
Free Cash Flow	$ (25,431)	$ (1,353)
Principal payments of IFRS 16 lease liabilities	(14,099)	(12,324)
Free Cash Flow (after IFRS 16 lease payments)	$ (39,530)	$ (13,677)

RISKS AND UNCERTAINTIES AND TRENDS

The reader is referred to the detailed discussion on "Automotive Industry Highlights and Trends" and "Risk Factors" as outlined in the AIF available through SEDAR+ at www.sedarplus.ca which are incorporated herein by reference. The disclosure in this MD&A and, in particular under “Recent Developments" supplements those risk factors described in the AIF.

RECENT DEVELOPMENTS

Trade restrictions or disputes

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

In addition, one of the most material risks stemming from trade disruptions is the potential shutdown of vehicle production, either at our 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.

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.

Inflation and interest rates

The Company continues to experience higher material, energy, and other input costs, in some areas of the business, which are expected to persist in 2025. Additionally, the Company may continue to 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 customers, modifications to products, or otherwise, could have an adverse effect on earnings.

Increased global inflation rates spurred a cycle of monetary policy tightening through aggressive interest rate increases by central banks, which significantly increased the interest paid on the debt of the Company. However, interest rates have been easing, as has recently occurred in Canada. Further, both the availability and cost of credit are factors affecting consumer confidence, which is a critical driver of vehicle sales and thus automotive production. A material, sustained decrease in consumer demand for vehicles could result in reductions to vehicle production, which could have an adverse effect on earnings.

Supply chain issues

While the Company has experienced a recovery in overall production volumes and an improvement in the stability of production, supply chain disruptions could continue to have a negative impact on the automotive supply chain and OEM light vehicle production globally especially in the recent tariff environment. Although much improved, certain OEM customers continue to take action in response to these supply chain disruptions, including, unplanned shutdowns of production lines and/or plants, reductions in their vehicle production plans, and changes to their product mix. In addition to having to address its own Tier 2 and 3 supply chain issues, which can result in the incurrence of premium costs at times, such OEM responses have resulted in a number of consequences for Tier 1 suppliers like Martinrea, including lower sales, production inefficiencies due to production lines being stopped/restarted unexpectedly based on OEMs’ production priorities, and premium costs to expedite shipments.

Any of the foregoing could have an adverse effect on the Company’s business and results of operations.

Significant industry trends, the Company’s business strategy and all other major risks the Company faces are discussed further in "Description of the Business and Trends" and "Risk Factors" in the Company’s AIF available through SEDAR+ at www.sedarplus.ca.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 1, 2025, the Company had 72,787,848 common shares outstanding. The Company’s common shares constitute its only class of voting securities. As at May 1, 2025, options to acquire 2,070,000 common shares were outstanding.

On April 29, 2024, the Company renewed the NCIB receiving approval from the 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 spans 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.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET FINANCING

During the three months ended March 31, 2025, there has been no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2024.

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 March 31, 2025, the amount of the off-balance sheet program financing was $10.5 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 ranges up to twenty-four months.

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 March 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	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Mexican Peso	$ 38,793	$ 20.6223	1

The aggregate value of these forward contracts as at March 31, 2025 was a pre-tax gain of $0.5 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

		March 31, 2025		December 31, 2024
Investment in common shares of NanoXplore Inc.	$	50,496	$	51,462
Investment in shares of AlumaPower Corporation.		4,036		4,036
Investment in shares of Equispheres Inc.		9,030		9,030
Other		1,909		850
	$	65,471	$	65,378

As at March 31, 2025, the Company held a 22.5%, 13.0%, 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.

The Company applies equity accounting to its equity investment in NanoXplore based on their most recently available financial statements, 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. 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).

Movement in equity-accounted investments 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
Share of loss for the period		(797)
Share of other comprehensive loss for the period		(169)
Net as of March 31, 2025	$	50,496

As at March 31, 2025, the market value of the shares held in NanoXplore by the Company was $91.9 million.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

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, inflation, war, global trade and tariff issues, including potential impact on the business, the Company’s ability to be a consistent Free Cash Flow generator, 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 MD&A for the year ended December 31, 2024 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
- Russia and Ukraine War and Middle East Tensions
- Inflationary Pressures
- Regional Energy Shortages
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions (Material Availability or Disruption)
- Semiconductor Chip Shortages and Price Increases
- 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
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change (Including Artificial Intelligence and Electrification)
- A Shift Away from Technologies in Which the Company is Investing
- Dependence Upon Key Personnel
- Limited Financial Resources/Uncertainty of Future Financing/Banking
- Cybersecurity Threats
- 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
- 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.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

Martinrea International Inc.

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Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note	March 31, 2025	December 31, 2024
ASSETS			
Cash and cash equivalents		$ 148,548	$ 167,951
Trade and other receivables	2	731,849	613,505
Inventories	3	522,229	508,231
Prepaid expenses and deposits		29,806	33,599
Income taxes recoverable		18,239	12,784
TOTAL CURRENT ASSETS		1,450,671	1,336,070
Property, plant and equipment	4	1,919,048	1,949,004
Right-of-use assets	5	215,623	215,802
Deferred tax assets		197,927	199,512
Intangible assets		37,327	37,535
Investments	6	65,471	65,378
Pension assets		18,342	17,493
TOTAL NON-CURRENT ASSETS		2,453,738	2,484,724
TOTAL ASSETS		$ 3,904,409	$ 3,820,794
LIABILITIES			
Trade and other payables		$ 1,062,433	$ 1,024,716
Provisions	7	19,104	6,862
Income taxes payable		16,724	25,332
Current portion of long-term debt	8	16,122	10,445
Current portion of lease liabilities	9	55,936	54,235
TOTAL CURRENT LIABILITIES		1,170,319	1,121,590
Long-term debt	8	997,363	970,969
Lease liabilities	9	185,984	189,176
Pension and other post-retirement benefits		40,754	40,384
Deferred tax liabilities		27,987	31,653
TOTAL NON-CURRENT LIABILITIES		1,252,088	1,232,182
TOTAL LIABILITIES		2,422,407	2,353,772
EQUITY			
Capital stock	11	601,188	601,188
Contributed surplus		46,229	46,052
Accumulated other comprehensive income		211,168	210,821
Retained earnings		623,417	608,961
TOTAL EQUITY		1,482,002	1,467,022
TOTAL LIABILITIES AND EQUITY		$ 3,904,409	$ 3,820,794

Contingencies (note 16)

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

"Robert Wildeboer"	Director
"Terry Lyons"	Director

Martinrea International Inc.

Interim Condensed Consolidated Statements of Operations

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

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
SALES		$ 1,168,231	$ 1,323,913
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(943,269)	(1,074,409)
Depreciation of property, plant and equipment and right-of-use assets (production)		(73,363)	(76,967)
Total cost of sales		(1,016,632)	(1,151,376)
GROSS MARGIN		151,599	172,537
Research and development costs		(10,561)	(10,977)
Selling, general and administrative		(75,275)	(78,191)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,772)	(4,070)
Loss on disposal of property, plant and equipment		(49)	(112)
Restructuring costs	7	(16,837)	(6,255)
OPERATING INCOME		45,105	72,932
Share of loss of equity investments	6	(797)	(634)
Finance expense	13	(16,688)	(20,173)
Other finance income (expense)	13	(2,231)	5,443
INCOME BEFORE INCOME TAXES		25,389	57,568
Income tax expense	10	(7,915)	(13,918)
NET INCOME FOR THE PERIOD		$ 17,474	$ 43,650
Basic earnings per share	12	$ 0.24	$ 0.56
Diluted earnings per share	12	$ 0.24	$ 0.56

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)

	Three months ended March 31, 2025	Three months ended March 31, 2024
NET INCOME FOR THE PERIOD	$ 17,474	$ 43,650
Other comprehensive income (loss), net of tax:		
Items that may be reclassified to net income		
Foreign currency translation differences for foreign operations	495	31,391
Items that will not be reclassified to net income		
Share of other comprehensive loss of equity investments (note 6)	(148)	(12)
Remeasurement of defined benefit plans	621	(1,028)
Other comprehensive income, net of tax	968	30,351
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 18,442	$ 74,001

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)

	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 income for the period	-	-	-	43,650	43,650
Compensation expense related to stock options	-	42	-	-	42
Dividends ($0.05 per share)	-	-	-	(3,839)	(3,839)
Repurchase of common shares (note 11)	(11,177)	-	-	(4,733)	(15,910)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(1,028)	(1,028)
Foreign currency translation differences	-	-	31,391	-	31,391
Share of other comprehensive loss of equity investments	-	-	(12)	-	(12)
BALANCE AT MARCH 31, 2024	634,079	45,945	127,132	712,319	1,519,475
Net loss for the period	-	-	-	(78,196)	(78,196)
Compensation expense related to stock options	-	187	-	-	187
Dividends ($0.15 per share)	-	-	-	(11,082)	(11,082)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 11)	(33,241)	-	-	(13,346)	(46,587)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(734)	(734)
Foreign currency translation differences	-	-	83,693	-	83,693
Share of other comprehensive loss of equity investments	-	-	(4)	-	(4)
BALANCE AT DECEMBER 31, 2024	601,188	46,052	210,821	608,961	1,467,022
Net income for the period	-	-	-	17,474	17,474
Compensation expense related to stock options	-	177	-	-	177
Dividends ($0.05 per share)	-	-	-	(3,639)	(3,639)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	621	621
Foreign currency translation differences	-	-	495	-	495
Share of other comprehensive loss of equity investments	-	-	(148)	-	(148)
BALANCE AT MARCH 31, 2025	$ 601,188	$ 46,229	$ 211,168	$ 623,417	$ 1,482,002

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)

		Three months ended March 31, 2025		Three months ended March 31, 2024
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period	$	17,474	$	43,650
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets		77,135		81,037
Amortization of development costs		1,795		2,494
Unrealized gain on foreign exchange forward contracts		(452)		(796)
Finance expense		16,688		20,173
Income tax expense		7,915		13,918
Loss on disposal of property, plant and equipment		49		112
Deferred and restricted share units benefit		(3,086)		(184)
Stock options expense		177		42
Share of loss of equity investments		797		634
Pension and other post-retirement benefits expense		603		564
Contributions made to pension and other post-retirement benefits		(589)		(568)
		118,506		161,076
Changes in non-cash working capital items:				
Trade and other receivables		(115,682)		(118,212)
Inventories		(12,090)		18,607
Prepaid expenses and deposits		3,839		1,983
Trade, other payables and provisions		77,833		21,396
		72,406		84,850
Interest paid		(18,117)		(20,678)
Income taxes paid		(25,873)		(25,118)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	28,416	$	39,054
FINANCING ACTIVITIES:				
Increase in long-term debt (net of deferred financing fees)		38,514		49,464
Equipment loan repayments		(3,147)		(2,710)
Principal payments of lease liabilities		(14,099)		(12,324)
Dividends paid		(3,639)		(3,907)
Repurchase of common shares		-		(15,910)
NET CASH PROVIDED BY FINANCING ACTIVITIES	$	17,629	$	14,613
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*		(62,230)		(58,273)
Capitalized development costs		(1,660)		(1,045)
Increase in investments		(1,059)		(8,130)
Proceeds on disposal of property, plant and equipment		36		978
NET CASH USED IN INVESTING ACTIVITIES	$	(64,913)	$	(66,470)
Effect of foreign exchange rate changes on cash and cash equivalents		(535)		(307)
DECREASE IN CASH AND CASH EQUIVALENTS		(19,403)		(13,110)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		167,951		186,804
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	148,548	$	173,694

*As at March 31, 2025, $48,503 (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 interim condensed consolidated financial statements.

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 interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS" 34) as issued by the International Accounting Standards Board ("IASB"), and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2024.

(b) Basis of presentation

These interim condensed consolidated financial statements include the accounts of Martinrea International Inc. and its subsidiaries. The notes presented in these interim condensed consolidated financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS Accounting Standards for annual financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2024.

(c) Presentation currency

These interim condensed 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.

(d) 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.

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

2. TRADE AND OTHER RECEIVABLES

		March 31, 2025		December 31, 2024
Trade receivables	$	686,743	$	571,073
Other receivables		44,654		40,146
Foreign exchange forward contracts not accounted for as hedges (note 15(d))		452		2,286
	$	731,849	$	613,505

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 15.

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 March 31, 2025, $55,033 (US $38,449) (December 31, 2024 - $32,986 or US $22,888) of receivables were sold under the program, of which $15,409 (US $10,766) (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.

3. INVENTORIES

		March 31, 2025		December 31, 2024
Raw materials	$	267,013	$	256,154
Work in progress		72,066		64,982
Finished goods		45,204		51,128
Tooling work in progress and other inventory		137,946		135,967
	$	522,229	$	508,231

4. PROPERTY, PLANT AND EQUIPMENT

	March 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	$	265,016	$	(63,742)	$	201,274	$	261,870	$	(61,976)	$	199,894
Leasehold improvements		97,917		(70,633)		27,284		94,528		(67,164)		27,364
Manufacturing equipment		3,625,848		(2,197,099)		1,428,749		3,592,179		(2,139,284)		1,452,895
Tooling and fixtures		41,606		(34,630)		6,976		40,572		(34,197)		6,375
Other assets		104,828		(74,914)		29,914		102,361		(72,663)		29,698
Construction in progress		224,851		-		224,851		232,778		-		232,778
	$	4,360,066	$	(2,441,018)	$	1,919,048	$	4,324,288	$	(2,375,284)	$	1,949,004

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

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	(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	79	-	202	295	309	33,362	34,247
Disposals	-	-	(51)	-	(34)	-	(85)
Depreciation	(1,838)	(1,216)	(59,140)	(450)	(1,719)	-	(64,363)
Transfers from construction in progress	3,756	1,031	33,826	747	1,506	(40,866)	-
Foreign currency translation adjustment	(617)	105	1,017	9	154	(423)	245
Net as of March 31, 2025	$ 201,274	$ 27,284	$ 1,428,749	$ 6,976	$ 29,914	$ 224,851	$ 1,919,048

5. RIGHT-OF-USE ASSETS

	March 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	$ 354,651	$ (200,659)	$ 153,992	$ 344,345	$ (192,304)	$ 152,041
Leased manufacturing equipment	129,218	(68,782)	60,436	126,163	(63,660)	62,503
Leased other assets	5,887	(4,692)	1,195	5,767	(4,509)	1,258
	$ 489,756	$ (274,133)	$ 215,623	$ 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	(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	-	1,482	29	1,511
Lease modifications	10,188	69	19	10,276
Depreciation	(8,300)	(4,332)	(140)	(12,772)
Foreign currency translation adjustment	63	714	29	806
Net as of March 31, 2025	$ 153,992	$ 60,436	$ 1,195	$ 215,623

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

6. INVESTMENTS

		March 31, 2025		December 31, 2024
Investment in common shares of NanoXplore Inc.	$	50,496	$	51,462
Investment in shares of AlumaPower Corporation.		4,036		4,036
Investment in shares of Equispheres Inc.		9,030		9,030
Other		1,909		850
	$	65,471	$	65,378

As at March 31, 2025, the Company held a 22.5%, 13.0%, 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.

The Company applies equity accounting to its equity investment in NanoXplore based on its most recently available financial statements, 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. 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).

Movement in equity-accounted investments 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
Share of loss for the period		(797)
Share of other comprehensive loss for the period		(169)
Net as of March 31, 2025	$	50,496

As at March 31, 2025, the stock market value of the shares held in NanoXplore by the Company was $91,935.

7. 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		16,837		277		17,114
Amounts used during the period		(4,985)		(537)		(5,522)
Foreign currency translation adjustment		556		94		650
Net as of March 31, 2025	$	17,556	$	1,548	$	19,104

Additions to the restructuring provision during the first quarter of 2025 totalled $16,837 and represent employee-related severance resulting from the rightsizing of certain operations in Germany ($12,836), Mexico ($1,866), Canada ($1,335), and the United States ($800).

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

8. 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 15.

		March 31, 2025		December 31, 2024
Banking facility	$	963,598	$	963,556
Equipment loans		49,887		17,858
		1,013,485		981,414
Current portion		(16,122)		(10,445)
	$	997,363	$	970,969

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

	Currency	Nominal interest rate	Year of maturity		March 31, 2025 Carrying amount		December 31, 2024 Carrying amount
Banking facility	USD	SOFR + 1.70%	2027	$	531,023	$	556,297
	CAD	CORRA + 1.70%	2027		182,575		157,259
	CAD	CORRA + 1.95%	2027		250,000		250,000
Equipment loans	CAD	4.79%	2030		35,000		-
	CAD	2.54%	2026		7,836		9,113
	EUR	2.46%	2026		2,964		3,526
	EUR	1.40%	2026		2,432		3,059
	EUR	0.00%	2028		719		796
	EUR	3.72%	2035		463		451
	CAD	5.22%	2025		447		889
	EUR	0.26%	2025		26		24
				$	1,013,485	$	981,414

On February 23, 2024, 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 ten banks (down from eleven), include the following:

- an unaltered unsecured credit structure, with a $100 million increase in total borrowing capacity;
- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- a new non-amortizing term loan of $250 million at variable interest rates;
- available revolving credit lines of $350 million (down from $500 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 $300 million, similar to the previous facility;
- pricing terms at market rates including transitioning the interest rate benchmark of the Canadian revolving credit line from Bankers' Acceptance ("BA") to the Canadian Overnight Repo Rate Average ("CORRA");
- a maturity date extended to February 2027 (from April 2025); 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 March 31, 2025, the Company had drawn US $371,000 (December 31, 2024 - US $386,000) on the U.S. revolving credit line, $185,000 (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 March 31, 2025, the weighted average effective interest rate of the banking facility was 5.6% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at March 31, 2025.

Deferred financing fees of $2,425 (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%.

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

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

	Scheduled principal repayments	Scheduled amortization of deferred financing fees	Carrying amount of outstanding loans
Within one year	$ 17,387	$ (1,265)	$ 16,122
One to two years	9,732	(1,160)	8,572
Two to three years	973,212	-	973,212
Three to four years	7,531	-	7,531
Thereafter	8,048	-	8,048
	$ 1,015,910	$ (2,425)	$ 1,013,485

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 drawdowns	3,514
Equipment loan proceeds	35,000
Equipment loan repayments	(3,147)
Amortization of deferred financing fees	316
Foreign currency translation adjustment	(3,612)
Net as of March 31, 2025	$ 1,013,485

9. 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	1,511
Lease modifications	10,276
Principal payments of lease liabilities	(14,099)
Foreign currency translation adjustment	821
Net as of March 31, 2025	$ 241,920

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

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

		Total
Within one year	$	66,199
One to two years		60,913
Two to three years		50,466
Three to four years		30,576
Thereafter		67,575
Total undiscounted lease liabilities at March 31, 2025	$	275,729
Interest on lease liabilities		(33,809)
Total present value of minimum lease payments	$	241,920
Current portion		(55,936)
	$	185,984

10. INCOME TAXES

The components of income tax expense are as follows:

		Three months ended March 31, 2025		Three months ended March 31, 2024
Current income tax expense	$	(12,666)	$	(16,384)
Deferred income tax recovery		4,751		2,466
Total income tax expense	$	(7,915)	$	(13,918)

11. CAPITAL STOCK

Common shares outstanding:	Number		Amount
Balance as of December 31, 2023	78,141,440	$	645,256
Repurchase of common shares under normal course issuer bid	(1,353,500)		(11,177)
Balance as of March 31, 2024	76,787,940		634,079
Exercise of stock options	25,000		350
Repurchase of common shares under normal course issuer bid	(4,025,092)		(33,241)
Balance as of December 31, 2024 and March 31, 2025	72,787,848	$	601,188

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

Repurchase of capital stock:

On April 29, 2024, the Company renewed the NCIB receiving approval from the 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 spans 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.

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

Stock options

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

	Three months ended March 31, 2025			Three months ended March 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
Cancelled during the period	(175,000)		15.24	-		-
Balance, end of period	2,070,000	$	13.05	2,328,500	$	13.56
Options exercisable, end of period	1,555,000	$	14.00	2,123,500	$	13.50

The following is a summary of the issued and outstanding common share purchase options as at March 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	1,545,000	2015 - 2020	2025 - 2030
Total share purchase options	2,070,000		

For the three months ended March 31, 2025, the Company expensed $177 (2024 - $42), 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 March 31, 2025 and 2024:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Outstanding, beginning of period	1,056,743	836,505
Granted and reinvested dividends	22,324	23,850
Redeemed	-	-
Outstanding, end of period	1,079,067	860,355

The DSUs granted during the three months ended March 31, 2025 and 2024 had a weighted average fair value per unit of $8.33 and $14.09, respectively, on the date of grant. For the three months ended March 31, 2025, DSU compensation benefit reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to $1,658 (2024 - $592), recorded in selling, general and administrative expense.

Unrecognized DSU compensation expense as at March 31, 2025 was $829 (March 31, 2024 - $1,510 and December 31, 2024 - $1,118) and will be recognized in profit or loss over the remaining vesting period.

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

Performance Restricted Share Unit ("PSU" and "RSU") Plan

The following is a summary of the issued and outstanding RSUs and PSUs for the three months ended March 31, 2025 and 2024:

	RSUs	PSUs	Total
Outstanding, December 31, 2023	809,190	644,195	1,453,385
Granted and reinvested dividends	49,975	30,898	80,873
Redeemed	-	-	-
Cancelled	(1,338)	(1,195)	(2,533)
Outstanding, March 31, 2024	857,827	673,898	1,531,725
Granted and reinvested dividends	454,347	383,116	837,463
Redeemed	(368,170)	(287,815)	(655,985)
Cancelled	(13,228)	(13,005)	(26,233)
Outstanding, December 31, 2024	930,776	756,194	1,686,970
Granted and reinvested dividends	51,607	34,117	85,724
Redeemed	-	-	-
Cancelled	(8,394)	(21,821)	(30,215)
Outstanding, March 31, 2025	973,989	768,490	1,742,479

The RSUs and PSUs granted during the three months ended March 31, 2025 and 2024 had a weighted average fair value per unit of $8.39 and $15.11, respectively, on the date of grant. For the three months ended March 31, 2025, RSU and PSU compensation expense/benefit reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to a benefit of $1,428 (2024 - an expense of $408), recorded in selling, general and administrative expense.

Unrecognized RSU and PSU compensation expense as at March 31, 2025 was $3,210 (March 31, 2024 - $6,639 and 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 three months ended March 31, 2025 and 2024 are shown in the table below:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Expected life (years)	2.74	2.76
Risk free interest rate	2.55%	4.30%

12. EARNINGS PER SHARE

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

	Three months ended March 31, 2025		Three months ended March 31, 2024	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	72,787,848	$ 0.24	77,899,614	$ 0.56
Effect of dilutive securities:				
Stock options	-	-	60,175	-
Diluted	72,787,848	$ 0.24	77,959,789	$ 0.56

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 three months ended March 31, 2025, 2,070,000 (2024 - 1,100,000) options were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

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

13. FINANCE EXPENSE AND OTHER FINANCE INCOME (EXPENSE)

	Three months ended March 31, 2025	Three months ended March 31, 2024
Debt interest, gross	$ (16,144)	$ (21,052)
Interest on lease liabilities	(2,605)	(2,757)
Capitalized interest - at an average rate of 5.7% (2024 - 7.6%)	2,061	3,636
Finance expense	$ (16,688)	$ (20,173)

	Three months ended March 31, 2025	Three months ended March 31, 2024
Net foreign exchange gain (loss)	$ (2,117)	$ 4,930
Other income (expense), net	(114)	513
Other finance income (expense)	$ (2,231)	$ 5,443

14. 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 Company's annual consolidated financial statements for the year ended December 31, 2024. 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:

	Three months ended March 31, 2025			
	Production Sales	Tooling Sales	Total Sales	Operating Income (Loss)
North America				
Canada	$ 121,562	$ 9,848	$ 131,410	
USA	324,276	3,007	327,283	
Mexico	452,207	24,687	476,894	
Eliminations	(41,780)	(8,747)	(50,527)	
	$ 856,265	$ 28,795	$ 885,060	$ 57,663
Europe				
Germany	182,379	5,631	188,010	
Spain	49,330	3,403	52,733	
Slovakia	14,324	271	14,595	
	$ 246,033	$ 9,305	$ 255,338	$ (14,573)
Rest of the World	28,360	5,389	33,749	2,015
Eliminations	(4,997)	(919)	(5,916)	-
	$ 1,125,661	$ 42,570	$ 1,168,231	$ 45,105

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

	Three months ended March 31, 2024			
	Production Sales	Tooling Sales	Total Sales	Operating Income (Loss)
North America				
Canada	$ 145,792	$ 10,017	$ 155,809	
USA	399,889	2,894	402,783	
Mexico	454,680	15,204	469,884	
Eliminations	(55,183)	(9,350)	(64,533)	
	$ 945,178	$ 18,765	$ 963,943	$ 62,579
Europe				
Germany	216,408	40,667	257,075	
Spain	62,925	2	62,927	
Slovakia	13,328	834	14,162	
Eliminations	(154)	-	(154)	
	$ 292,507	$ 41,503	$ 334,010	$ 12,995
Rest of the World	25,289	6,473	31,762	(2,642)
Eliminations	(5,471)	(331)	(5,802)	-
	$ 1,257,503	$ 66,410	$ 1,323,913	$ 72,932

15. 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:

	March 31, 2025			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 148,548	$ 148,548	$ -	$ -
Investment in shares of AlumaPower (note 6)	4,036	-	-	4,036
Investment in shares of Equispheres (note 6)	9,030	-	-	9,030
Foreign exchange forward contracts not accounted for as hedges (note 2)	452	-	452	-

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 167,951	$ 167,951	$ -	$ -
Investment in shares of AlumaPower (note 6)	4,036	-	-	4,036
Investment in shares of Equispheres (note 6)	9,030	-	-	9,030
Foreign exchange forward contracts not accounted for as hedges (note 2)	2,286	-	2,286	-

(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 interim condensed consolidated balance sheets, are as follows:

March 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	$ -	$ -	$ 731,397	$ -	$ 731,397	$ 731,397
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	452	-	-	-	452	452
	$ 452	$ 13,066	$ 731,397	$ -	$ 744,915	$ 744,915
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,062,433)	(1,062,433)	(1,062,433)
Long-term debt	-	-	-	(1,013,485)	(1,013,485)	(1,013,485)
	$ -	$ -	$ -	$ (2,075,918)	$ (2,075,918)	$ (2,075,918)
Net financial assets (liabilities)	$ 452	$ 13,066	$ 731,397	$ (2,075,918)	$ (1,331,003)	$ (1,331,003)

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.

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.

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

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

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 29.4%, 20.3%, and 8.8% of its production sales for the three months ended March 31, 2025 (2024 - 27.0%, 22.5%, and 12.0%). 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 March 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:

	March 31, 2025	December 31, 2024
0-60 days	$ 683,120	$ 565,970
61-90 days	1,686	852
Greater than 90 days	1,937	4,251
	$ 686,743	$ 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 March 31, 2025, the Company had cash of $148,548 (December 31, 2024 - $167,951) and banking facilities available as discussed in note 8. 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 8.

(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	
	March 31, 2025	December 31, 2024
Variable rate instruments	$ 963,598	$ 963,556
Fixed rate instruments	49,887	17,858
	$ 1,013,485	$ 981,414

Sensitivity analysis

An increase of 1.0% in all variable interest rate debt would, all else being equal, have an effect of $2,449 (2024 - $2,486) on the Company's interim condensed consolidated financial results for the three months ended March 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.

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

At March 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	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Mexican Peso	$ 38,793	$ 20.6223	1

The aggregate value of these forward contracts as at March 31, 2025 was a pre-tax gain of $452 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:

March 31, 2025	USD	EURO	PESO	BRL	CNY
Trade and other receivables	$ 353,801	€ 104,635	$ 37,730	R$ 24,311	¥ 74,033
Trade and other payables	(421,179)	(173,073)	(763,793)	(62,449)	(78,063)
Long-term debt	(371,000)	(4,262)	-	-	-
	$ (438,378)	€ (72,700)	$ (726,063)	R$ (38,138)	¥ (4,030)

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	
	Three months ended March 31, 2025	Three months ended March 31, 2024	March 31, 2025	December 31, 2024
USD	1.4294	1.3451	1.4313	1.4412
EURO	1.4902	1.4642	1.5497	1.5021
PESO	0.0700	0.0786	0.0703	0.0709
BRL	0.2399	0.2735	0.2485	0.2327
CNY	0.1964	0.1878	0.1971	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 March 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 three months ended March 31, 2025 and 2024 by the amounts shown below, assuming all other variables remain constant:

	Three months ended March 31, 2025	Three months ended March 31, 2024
USD	$ (4,647)	$ (5,181)
EURO	1,244	(948)
BRL	56	42
CNY	(240)	270
	$ (3,587)	$ (5,817)

A weakening of the Canadian dollar against the above currencies at March 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.

16. CONTINGENCIES

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 interim condensed 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 is subject to tax audits in various jurisdictions. Reviews by tax authorities generally focus on, but are not limited to, the validity of the Company's intra-company transactions, including financing and transfer pricing policies which may involve subjective areas of taxation and significant judgement, and value added tax ("VAT") credits claimed on certain purchases.

The Company's subsidiary in Brazil, Martinrea Honsel Brazil Fundicao e comercio de Pecas em Alumino Ltda., 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 $37,871 (BRL $152,403) including interest and penalties to March 31, 2025 (December 31, 2024 - $38,691 or BRL $166,277). 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 the assessments. The assessments are at various stages in the process. Three assessments totaling $20,833 (BRL $83,837) including interest and penalties as at March 31, 2025 have entered the judicial litigation process. The Company's subsidiary may be required to present guarantees related to these assessments up to $19,050 (BRL $76,664) shortly through a pledge of assets, bank letter of credit or cash deposit. 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.

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 potential exposure under these assessments for the years 2013, 2015 and 2016, based on the notices issued by the tax authorities, is approximately $141,088 (MXN $2,006,316) including interest and penalties to March 31, 2025 (December 31, 2024 - $141,187 or MXN $1,991,745). 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.

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 for the years 2014 to 2016. The potential exposure under these assessments, based on the notices issued by the tax authorities, is approximately $31,774 (EURO €20,504) including interest and penalties to March 31, 2025 (December 31, 2024 - $30,407 or EURO €20,243). 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. A small provision related to this matter 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.

17. 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 interim condensed 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 March 31, 2025, the amount of the off-balance sheet program financing was $10,505 (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 2024 or 2025. 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.

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