20th YEARS ANNIVERSARY

# INVESTOR NEWSLETTER

August 2022

## Project BreakThrough Progress to Date

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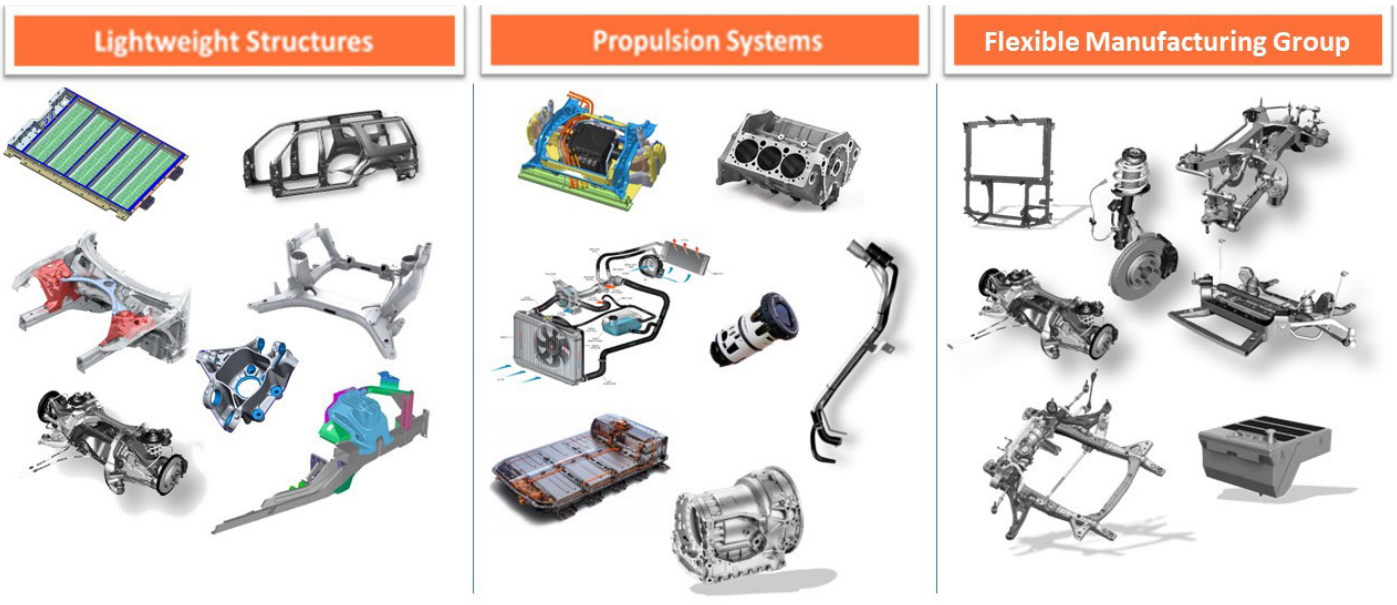
# Project BreakThrough - Progress to Date

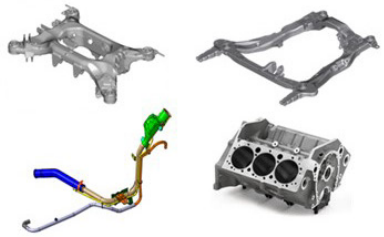
What is Project BreakThrough? In 2019, Martinrea launched its Project BreakThrough strategy, in which the Company markets itself to customers through three major product groups:

- Lightweight Structures – includes body-in-white and other structural applications, both in steel and aluminum.
- Propulsion Systems – relates to products that propel (or stop) the vehicle, and includes engine blocks, transmission housings, e-motor housings, and products such as fuel lines, brake lines, and other products.
- Flexible Manufacturing Group – includes automotive assemblies and components for a variety of industrial applications.



In essence, Project BreakThrough is intended to grow our revenue and margins by providing more value-added products to our customers. It represents an evolution of our business model from being a supplier of components that are more commoditized in nature to one that provides highly-engineered systems and assemblies that may contain multiple, unlike materials. This involves combining different types of steel and/or aluminum using complex joining techniques – a capability in which we are quite advanced. Project BreakThrough was also intended to forge deeper long-term partnerships with our customers by providing them with a reliable product engineering source.

**2018 - Existing Component Offerings**



**2022 - New System Offerings**

## A CLOSER LOOK AT PROJECT BREAKTHROUGH PROGRESS

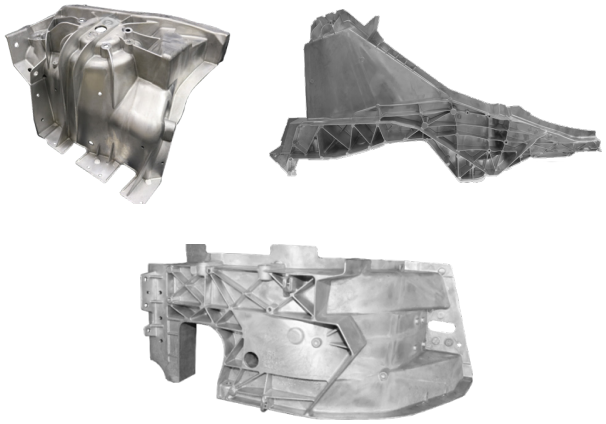
Since 2019, we have introduced a number of "BreakThrough" products to our customers which are unique in the marketplace. The following outlines a few notable examples:

### *Geely PMA-1 EV Rear Sub-Frame*

This is a sub-frame for Geely's major electric vehicle (EV) program in China. It involves the joining of extruded aluminum components with hollow die-cast aluminum parts. It is an end-to-end solution where we assemble the extrusions and castings, and provide the machining, and have full design responsibility for the product.

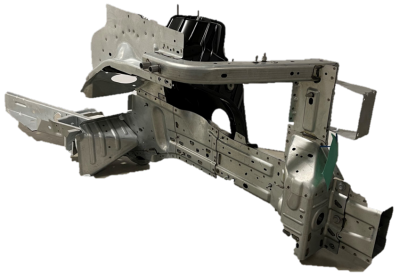
### *Lucid Air Body-in-White Aluminum Die Cast Components*

We produce a variety of body-in-white aluminum die cast components on the new Lucid Air EV, including the front shock tower, and the front and rear torque boxes. Importantly, we produce these components, which are new to the market, using the same equipment that is used to make traditional parts such as engine blocks and transmission housings. As such, we do not require a material increase in capital spending to produce these newer EV products. In addition, these products have strict dimensional requirements and account for a large portion of the complete structure of the vehicle.



### *Jeep Grand Cherokee Front Rail Assembly*

This front rail assembly on the new Jeep Grand Cherokee contains multiple materials, as well as advanced technologies and joining processes, and therefore has a high degree of value-add to the customer. The assembly has a hydro-formed upper tail, and a die cast shock tower, and involves the joining of 3rd Generation of Advanced High-Strenth Steels (3rd Gen AHSS) with aluminum, using a combination of structural adhesives, and advanced fastening and welding techniques. We provide these assemblies for both the ICE and plug-in hybrid variants of the Jeep Grand Cherokee.

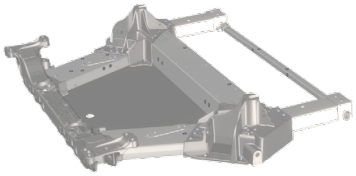


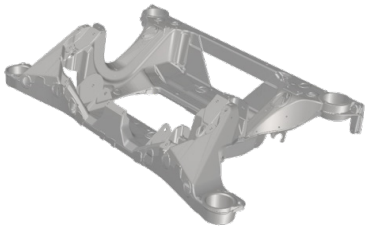
### *Ford Mach-E Front and Rear Sub-Frames*

On the new Ford Mach-E program, we are fully responsible for the design, development, and validation of the end product. The products consist of a multi-material front sub-frame that has a low-pressure die cast hollow aluminum rear attached to a welded steel front structure, and a one-piece low-pressure die cast hollow aluminum rear sub-frame.

### *Lucid Air Front and Rear Sub-Frames*

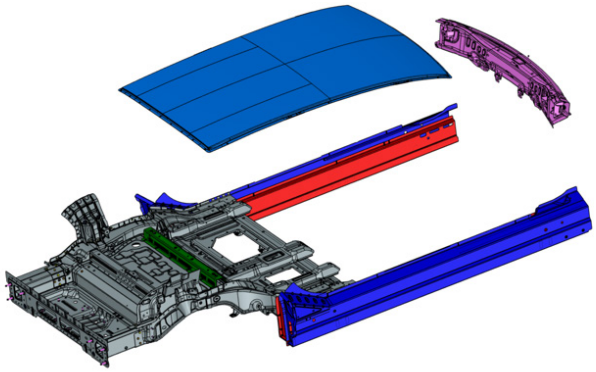
The Lucid Air front sub-frame is made of hollow low-pressure die cast and extruded aluminum components. What makes this product unique is that it is joined using only structural adhesive and rivets (i.e., there is no welding involved), which is an industry first. The rear sub-frame is a one-piece hollow aluminum die cast structure.





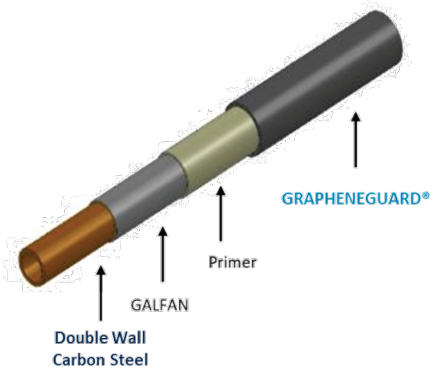
### *Mercedes Benz EVA II Platform – Roof, Rear Panel, Underbody*

The Mercedes Benz EVA II program, which is currently launching in our facility in Tuscaloosa, Alabama (acquired as part of the Metalsa acquisition), is expected to be worth approximately $100 million in annualized sales once it reaches mature volumes. It is Mercedes Benz's new electric SUV/CUV program and it is a global platform. We manufacture the roof, rear panel, and underbody for this program, which is another example of a multi-material (high-strength steel, ultra-high-strength steel, aluminum), multi-process (stamped, extruded, and hot-formed steel and cast aluminum) program utilizing advanced joining technologies.



### *Brake Lines with GrapheneGuard™*

Finally, we have our graphene-enhanced brake line product that we introduced in late 2020, and which has recently been named a 2022 *Automotive News* PACE Award finalist. GrapheneGuard™ is a patented technology that coats brake lines with graphene in order to provide industry-leading abrasion protection, a weight reduction of up to 25% compared to standard brake lines, and improved chemical resistance and high-temperature performance. The brake line is currently in production on three programs with Ford (Ford Super Duty Truck, Ford Explorer and Lincoln Aviator, Ford Edge and Lincoln Nautilus), as well as the Sierra and Silverado heavy-duty trucks with General Motors.




As you can see, we have made some great progress in both product and process innovation since launching our Project BreakThrough strategy in 2019. We have introduced some truly unique products to the market that are complex and value-added, in that they solve problems or deliver superior performance attributes to our customers. Some of these are industry-firsts. We are a lightweighting company, and these products are designed and engineered with lightweighting in mind, as our customers look to improve fuel economy in ICE vehicles or driving distance per charge in electric vehicles. These BreakThrough products are largely comprised of structural components, which are relevant in both ICE and EV architectures. In fact, approximately 80% of the products we manufacture are powertrain agnostic. The remainder of our business that is specific to ICE vehicles (engine blocks, transmission housings, fuel lines, etc.) will be replaced by EV-specific products we have in our portfolio (i.e., battery trays, e-motor housings, thermal management systems, etc.) as the world transitions to electric vehicles. Whatever pace this transition unfolds at, Martinrea is well positioned. We have won a lot of new business on EV platforms in recent years as illustrated in the table, and several of the BreakThrough products discussed in this note are on EV programs that we have won.

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|---|---|---|---|
|  | **Audi PPE** | Body and chassis structures | SOP: 2023 |
|  | **Daimler EVA2** | Body and chassis structures | SOP: 2022 |
|  | **Ford Mach E** | Aluminum front and rear subframes | SOP: 2020 |
|  | **Geely PMA 1** | Aluminum rear subframes | SOP: 2021 |
|  | **GM BEV 3** | Body and chassis structures | SOP: 2023 |
|  | **GM EV Hummer** | Body and chassis structures | SOP: 2022 |
|  | **Lucid Air** | Body and chassis structures | SOP: 2022 |
|   | **Samsung** | Aluminum battery tray | SOP: 2020 |
|  | **Tesla Model Y** | Brake lines | SOP: 2022 |

Innovation is ingrained in the Martinrea culture, and Project BreakThrough is a cornerstone of our innovation efforts. It is a key aspect of our organic growth story and is expected to help drive sales growth and margin expansion well into the future.

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