MARTINREA INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

Martinrea International Inc.

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Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note		June 30, 2025		December 31, 2024
ASSETS					
Cash and cash equivalents		$	160,030	$	167,951
Trade and other receivables	2		765,424		613,505
Inventories	3		474,994		508,231
Prepaid expenses and deposits			35,628		33,599
Income taxes recoverable			17,221		12,784
TOTAL CURRENT ASSETS			1,453,297		1,336,070
Property, plant and equipment	4		1,855,017		1,949,004
Right-of-use assets	5		200,776		215,802
Deferred tax assets			210,435		199,512
Intangible assets			39,062		37,535
Investments	6		65,165		65,378
Pension assets			18,599		17,493
TOTAL NON-CURRENT ASSETS			2,389,054		2,484,724
TOTAL ASSETS		$	3,842,351	$	3,820,794
LIABILITIES					
Trade and other payables		$	1,078,395	$	1,024,716
Provisions	7		27,632		6,862
Income taxes payable			10,387		25,332
Current portion of long-term debt	8		14,869		10,445
Current portion of lease liabilities	9		54,673		54,235
TOTAL CURRENT LIABILITIES			1,185,956		1,121,590
Long-term debt	8		937,512		970,969
Lease liabilities	9		170,709		189,176
Pension and other post-retirement benefits			40,368		40,384
Deferred tax liabilities			34,843		31,653
TOTAL NON-CURRENT LIABILITIES			1,183,432		1,232,182
TOTAL LIABILITIES			2,369,388		2,353,772
EQUITY					
Capital stock	11		601,188		601,188
Contributed surplus			46,406		46,052
Accumulated other comprehensive income			167,216		210,821
Retained earnings			658,153		608,961
TOTAL EQUITY			1,472,963		1,467,022
TOTAL LIABILITIES AND EQUITY		$	3,842,351	$	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 June 30, 2025	Three months ended June 30, 2024	Six Months ended June 30, 2025	Six Months ended June 30, 2024
SALES		$ 1,275,535	$ 1,301,793	$ 2,443,766	$ 2,625,706
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(1,017,671)	(1,041,483)	(1,960,940)	(2,115,892)
Depreciation of property, plant and equipment and right-of-use assets (production)		(73,329)	(76,680)	(146,692)	(153,647)
Total cost of sales		(1,091,000)	(1,118,163)	(2,107,632)	(2,269,539)
GROSS MARGIN		184,535	183,630	336,134	356,167
Research and development costs		(11,401)	(10,208)	(21,962)	(21,185)
Selling, general and administrative		(83,091)	(86,557)	(158,366)	(164,748)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,853)	(4,187)	(7,625)	(8,257)
Loss on disposal of property, plant and equipment		(86)	(1,115)	(135)	(1,227)
Restructuring costs	7	(13,766)	(5,355)	(30,603)	(11,610)
OPERATING INCOME		72,338	76,208	117,443	149,140
Share of loss of equity investments	6	(538)	(823)	(1,335)	(1,457)
Finance expense	13	(16,760)	(19,488)	(33,448)	(39,661)
Other finance income (expense)	13	(1,745)	1,613	(3,976)	7,056
INCOME BEFORE INCOME TAXES		53,295	57,510	78,684	115,078
Income tax expense	10	(15,204)	(16,531)	(23,119)	(30,449)
NET INCOME FOR THE PERIOD		$ 38,091	$ 40,979	$ 55,565	$ 84,629
Basic earnings per share	12	$ 0.52	$ 0.54	$ 0.76	$ 1.10
Diluted earnings per share	12	$ 0.52	$ 0.54	$ 0.76	$ 1.10

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 June 30, 2025	Three months ended June 30, 2024	Six Months ended June 30, 2025	Six Months ended June 30, 2024
NET INCOME FOR THE PERIOD	$ 38,091	$ 40,979	$ 55,565	$ 84,629
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	(43,989)	14,287	(43,494)	45,678
Items that will not be reclassified to net income				
Share of other comprehensive income (loss) of equity investments (note 6)	37	(27)	(111)	(39)
Remeasurement of defined benefit plans	285	(108)	906	(1,136)
Other comprehensive income (loss), net of tax	(43,667)	14,152	(42,699)	44,503
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (5,576)	$ 55,131	$ 12,866	$ 129,132

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	-	-	-	84,629	84,629
Compensation expense related to stock options	-	84	-	-	84
Dividends ($0.10 per share)	-	-	-	(7,582)	(7,582)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 11)	(27,684)	-	-	(12,700)	(40,384)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(1,136)	(1,136)
Foreign currency translation differences	-	-	45,678	-	45,678
Share of other comprehensive loss of equity investments	-	-	(39)	-	(39)
BALANCE AT JUNE 30, 2024	617,922	45,907	141,392	741,480	1,546,701
Net loss for the period	-	-	-	(119,175)	(119,175)
Compensation expense related to stock options	-	145	-	-	145
Dividends ($0.10 per share)	-	-	-	(7,339)	(7,339)
Exercise of employee stock options	-	-	-	-	-
Repurchase of common shares (note 11)	(16,734)	-	-	(5,379)	(22,113)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(626)	(626)
Foreign currency translation differences	-	-	69,406	-	69,406
Share of other comprehensive income of equity investments	-	-	23	-	23
BALANCE AT DECEMBER 31, 2024	601,188	46,052	210,821	608,961	1,467,022
Net income for the period	-	-	-	55,565	55,565
Compensation expense related to stock options	-	354	-	-	354
Dividends ($0.10 per share)	-	-	-	(7,279)	(7,279)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	906	906
Foreign currency translation differences	-	-	(43,494)	-	(43,494)
Share of other comprehensive loss of equity investments	-	-	(111)	-	(111)
BALANCE AT JUNE 30, 2025	$ 601,188	$ 46,406	$ 167,216	$ 658,153	$ 1,472,963

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 June 30, 2025	Three months ended June 30, 2024	Six Months ended June 30, 2025	Six Months ended June 30, 2024
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period	$ 38,091	$ 40,979	$ 55,565	$ 84,629
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	77,182	80,867	154,317	161,904
Amortization of development costs	2,014	2,594	3,809	5,088
Unrealized loss (gain) on foreign exchange forward contracts	(222)	4,265	(674)	3,469
Finance expense	16,760	19,488	33,448	39,661
Income tax expense	15,204	16,531	23,119	30,449
Loss on disposal of property, plant and equipment	86	1,115	135	1,227
Deferred and restricted share units expense	5,213	3,552	2,127	3,368
Stock options expense	177	42	354	84
Share of loss of equity investments	538	823	1,335	1,457
Pension and other post-retirement benefits expense	612	567	1,215	1,131
Contributions made to pension and other post-retirement benefits	(575)	(600)	(1,164)	(1,168)
	155,080	170,223	273,586	331,299
Changes in non-cash working capital items:				
Trade and other receivables	(50,757)	33,376	(166,439)	(84,836)
Inventories	36,812	(14,869)	24,722	3,738
Prepaid expenses and deposits	(6,525)	(1,046)	(2,686)	937
Trade, other payables and provisions	44,980	(32,995)	122,813	(11,599)
	179,590	154,689	251,996	239,539
Interest paid	(18,511)	(22,789)	(36,628)	(43,467)
Income taxes paid	(28,580)	(23,566)	(54,453)	(48,684)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 132,499	$ 108,334	$ 160,915	$ 147,388
FINANCING ACTIVITIES:				
Increase (decrease) in long-term debt (net of deferred financing fees)	(31,886)	(1,523)	6,628	47,941
Equipment loan repayments	(4,701)	(1,860)	(7,848)	(4,570)
Principal payments of lease liabilities	(14,033)	(13,432)	(28,132)	(25,756)
Dividends paid	(3,640)	(3,839)	(7,279)	(7,746)
Exercise of employee stock options	-	270	-	270
Repurchase of common shares	-	(24,012)	-	(39,922)
NET CASH USED IN FINANCING ACTIVITIES	$ (54,260)	$ (44,396)	$ (36,631)	$ (29,783)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(59,374)	(52,594)	(121,604)	(110,867)
Capitalized development costs	(4,937)	(2,099)	(6,597)	(3,144)
Increase in investments	(190)	-	(1,249)	(8,130)
Proceeds on disposal of property, plant and equipment	614	211	650	1,189
NET CASH USED IN INVESTING ACTIVITIES	$ (63,887)	$ (54,482)	$ (128,800)	$ (120,952)
Effect of foreign exchange rate changes on cash and cash equivalents	(2,870)	(1,712)	(3,405)	(2,019)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,482	7,744	(7,921)	(5,366)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	148,548	173,694	167,951	186,804
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 160,030	$ 181,438	$ 160,030	$ 181,438

*As at June 30, 2025, $35,663 (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

		June 30, 2025		December 31, 2024
Trade receivables	$	692,158	$	571,073
Other receivables		72,592		40,146
Foreign exchange forward contracts not accounted for as hedges (note 15(d))		674		2,286
	$	765,424	$	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 June 30, 2025, $40,171 (US $29,346) (December 31, 2024 - $32,986 or US $22,888) of receivables were sold under the program, of which $11,248 (US $8,217) (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

		June 30, 2025		December 31, 2024
Raw materials	$	243,713	$	256,154
Work in progress		68,386		64,982
Finished goods		43,399		51,128
Tooling work in progress and other inventory		119,496		135,967
	$	474,994	$	508,231

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 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	$	268,463	$	(61,928)	$	206,535	$	261,870	$	(61,976)	$	199,894
Leasehold improvements		95,914		(70,229)		25,685		94,528		(67,164)		27,364
Manufacturing equipment		3,509,005		(2,123,516)		1,385,489		3,592,179		(2,139,284)		1,452,895
Tooling and fixtures		40,710		(33,987)		6,723		40,572		(34,197)		6,375
Other assets		105,596		(76,106)		29,490		102,361		(72,663)		29,698
Construction in progress		201,095		-		201,095		232,778		-		232,778
	$	4,220,783	$	(2,365,766)	$	1,855,017	$	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	125	-	279	339	406	81,585	82,734
Disposals	-	-	(734)	(4)	(47)	-	(785)
Depreciation	(3,715)	(2,405)	(117,981)	(918)	(3,532)	-	(128,551)
Transfers from construction in progress	18,184	1,031	83,956	1,085	3,212	(107,468)	-
Foreign currency translation adjustment	(7,953)	(305)	(32,926)	(154)	(247)	(5,800)	(47,385)
Net as of June 30, 2025	$ 206,535	$ 25,685	$ 1,385,489	$ 6,723	$ 29,490	$ 201,095	$ 1,855,017

5. RIGHT-OF-USE ASSETS

	June 30, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Leased buildings	$ 341,296	$ (198,652)	$ 142,644	$ 344,345	$ (192,304)	$ 152,041
Leased manufacturing equipment	129,420	(72,780)	56,640	126,163	(63,660)	62,503
Leased other assets	5,952	(4,460)	1,492	5,767	(4,509)	1,258
	$ 476,668	$ (275,892)	$ 200,776	$ 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	-	2,307	476	2,783
Lease modifications	10,764	69	19	10,852
Depreciation	(16,711)	(8,753)	(302)	(25,766)
Foreign currency translation adjustment	(3,450)	514	41	(2,895)
Net as of June 30, 2025	$ 142,644	$ 56,640	$ 1,492	$ 200,776

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

6. INVESTMENTS

	June 30, 2025	December 31, 2024
Investment in common shares of NanoXplore Inc.	$ 50,000	$ 51,462
Investment in shares of AlumaPower Corporation.	4,036	4,036
Investment in shares of Equispheres Inc.	9,030	9,030
Other	2,099	850
	$ 65,165	$ 65,378

As at June 30, 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	(1,335)
Share of other comprehensive loss for the period	(127)
Net as of June 30, 2025	$ 50,000

As at June 30, 2025, the stock market value of the shares held in NanoXplore by the Company was $92,704.

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	30,603	2,175	32,778
Amounts used during the period	(12,367)	(1,062)	(13,429)
Foreign currency translation adjustment	1,315	106	1,421
Net as of June 30, 2025	$ 24,699	$ 2,933	$ 27,632

Additions to the restructuring provision during the six months ended June 30, 2025 totalled $30,603 and represent employee-related severance resulting from the rightsizing of certain operations in Germany ($24,487), Canada ($2,873), Mexico ($2,438), and the United States ($805).

(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.

		June 30, 2025		December 31, 2024
Banking facility	$	906,515	$	963,556
Equipment loans		45,866		17,858
		952,381		981,414
Current portion		(14,869)		(10,445)
	$	937,512	$	970,969

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

	Currency	Nominal interest rate	Year of maturity		June 30, 2025 Carrying amount		December 31, 2024 Carrying amount
Banking facility	USD	SOFR + 1.70%	2027	$	473,623	$	556,297
	CAD	CORRA + 1.70%	2027		182,892		157,259
	CAD	CORRA + 1.95%	2027		250,000		250,000
Equipment loans	CAD	4.79%	2030		33,442		-
	CAD	2.54%	2026		6,550		9,113
	EUR	2.46%	2026		2,379		3,526
	EUR	1.40%	2026		1,764		3,059
	EUR	0.00%	2028		744		796
	EUR	3.72%	2035		481		451
	EUR	2.41%	2036		481		-
	EUR	0.26%	2025		25		24
	CAD	5.22%	2025		-		889
				$	952,381	$	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 June 30, 2025, the Company had drawn US $346,000 (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 June 30, 2025, the weighted average effective interest rate of the banking facility was 5.5% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at June 30, 2025.

Deferred financing fees of $2,108 (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)

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

Future annual minimum principal repayments as at June 30, 2025 are as follows:

		Scheduled principal repayments		Scheduled amortization of deferred financing fees		Carrying amount of outstanding loans
Within one year	$	16,134	$	(1,265)	$	14,869
One to two years		916,901		(843)		916,058
Two to three years		7,280		-		7,280
Three to four years		7,792		-		7,792
Thereafter		6,382		-		6,382
	$	954,489	$	(2,108)	$	952,381

Movement in long-term debt is summarized as follows:

		Total
Net as of December 31, 2023	$	969,236
Net repayments		(22,759)
Equipment loan proceeds		442
Equipment loan repayments		(13,990)
Deferred financing fee additions		(2,600)
Amortization of deferred financing fees		1,226
Foreign currency translation adjustment		49,859
Net as of December 31, 2024	$	981,414
Net repayments		(28,841)
Equipment loan proceeds		35,469
Equipment loan repayments		(7,848)
Amortization of deferred financing fees		633
Foreign currency translation adjustment		(28,446)
Net as of June 30, 2025	$	952,381

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		2,783
Lease modifications		10,852
Principal payments of lease liabilities		(28,132)
Foreign currency translation adjustment		(3,532)
Net as of June 30, 2025	$	225,382

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

The maturity of contractual undiscounted lease liabilities as at June 30, 2025 is as follows:

		Total
Within one year	$	64,134
One to two years		58,827
Two to three years		44,120
Three to four years		27,713
Thereafter		61,206
Total undiscounted lease liabilities at June 30, 2025	$	256,000
Interest on lease liabilities		(30,618)
Total present value of minimum lease payments	$	225,382
Current portion		(54,673)
	$	170,709

10. INCOME TAXES

The components of income tax expense are as follows:

		Three months ended June 30, 2025		Three months ended June 30, 2024		Six months ended June 30, 2025		Six months ended June 30, 2024
Current income tax expense	$	(26,526)	$	(14,646)	$	(39,192)	$	(31,030)
Deferred income tax recovery (expense)		11,322		(1,885)		16,073		581
Total income tax expense	$	(15,204)	$	(16,531)	$	(23,119)	$	(30,449)

11. CAPITAL STOCK

Common shares outstanding:	Number		Amount
Balance as of December 31, 2023	78,141,440	$	645,256
Exercise of stock options	25,000		350
Repurchase of common shares under normal course issuer bid	(3,352,588)		(27,684)
Balance as of June 30, 2024	74,813,852		617,922
Repurchase of common shares under normal course issuer bid	(2,026,004)		(16,734)
Balance as of December 31, 2024 and June 30, 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.

On May 23, 2025, the Company renewed the NCIB receiving approval from the TSX to acquire for cancellation up to an additional 7,110,571 common shares of the Company. The renewed bid commenced on May 27, 2025 and spans a 12-month period. As at June 30, 2025, no common shares were purchased and cancelled 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:

	Six Months ended June 30, 2025		Six Months ended June 30, 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
Exercised during the period	-	-	(25,000)	10.80
Cancelled during the period	(175,000)	15.24	-	-
Expired during the period	(75,000)	13.87	(58,500)	12.63
Balance, end of period	1,995,000	$ 13.02	2,245,000	$ 13.62
Options exercisable, end of period	1,480,000	$ 14.01	2,040,000	$ 13.56

The following is a summary of the issued and outstanding common share purchase options as at June 30, 2025:

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

For the three and six months ended June 30, 2025, the Company expensed $177 (2024 - $42) and $354 (2024 - $84), respectively, to reflect stock-based compensation expense, as derived using the Black-Scholes-Merton option valuation model.

Deferred Share Unit ("DSU") Plan

The following is a summary of the issued and outstanding DSUs as at June 30, 2025 and 2024:

	Six months ended June 30, 2025	Six months ended June 30, 2024
Outstanding, beginning of period	1,056,743	836,505
Granted and reinvested dividends	151,030	103,312
Redeemed	-	-
Outstanding, end of period	1,207,773	939,817

The DSUs granted during the six months ended June 30, 2025 and 2024 had a weighted average fair value per unit of $7.21 and $12.03, respectively, on the date of grant. For the three and six months ended June 30, 2025, DSU compensation expense reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to $1,804 (2024 - $884) and $146 (2024 - $292), respectively, recorded in selling, general and administrative expense.

Unrecognized DSU compensation expense as at June 30, 2025 was $1,055 (June 30, 2024 - $1,442 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 six months ended June 30, 2025 and 2024:

	RSUs	PSUs	Total
Outstanding, December 31, 2023	809,190	644,195	1,453,385
Granted and reinvested dividends	170,753	128,082	298,835
Redeemed	-	-	-
Cancelled	(3,854)	(3,047)	(6,901)
Outstanding, June 30, 2024	976,089	769,230	1,745,319
Granted and reinvested dividends	333,569	285,932	619,501
Redeemed	(368,170)	(287,815)	(655,985)
Cancelled	(10,712)	(11,153)	(21,865)
Outstanding, December 31, 2024	930,776	756,194	1,686,970
Granted and reinvested dividends	245,263	190,194	435,457
Redeemed	-	-	-
Cancelled	(8,394)	(21,821)	(30,215)
Outstanding, June 30, 2025	1,167,645	924,567	2,092,212

The RSUs and PSUs granted during the six months ended June 30, 2025 and 2024 had a weighted average fair value per unit of $7.38 and $12.51, respectively, on the date of grant. For the three and six months ended June 30, 2025, RSU and PSU compensation expense reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to an expense of $3,409 (2024 - $2,668) and $1,981 (2024 - $3,076), respectively, recorded in selling, general and administrative expense.

Unrecognized RSU and PSU compensation expense as at June 30, 2025 was $4,559 (June 30, 2024 - $6,396 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 six months ended June 30, 2025 and 2024 are shown in the table below:

	Six months ended June 30, 2025	Six months ended June 30, 2024
Expected life (years)	2.61	2.62
Risk free interest rate	2.51%	4.32%

12. EARNINGS PER SHARE

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

	Three months ended June 30, 2025		Three months ended June 30, 2024	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	72,787,848	$ 0.52	76,060,436	$ 0.54
Effect of dilutive securities:				
Stock options	-	-	1,921	-
Diluted	72,787,848	$ 0.52	76,062,357	$ 0.54

	Six months ended June 30, 2025		Six months ended June 30, 2024	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	72,787,848	$ 0.76	76,984,489	$ 1.10
Effect of dilutive securities:				
Stock options	-	-	20,671	-
Diluted	72,787,848	$ 0.76	77,005,160	$ 1.10

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

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 and six months ended June 30, 2025, 1,995,000 (2024 - 2,220,000) and 1,995,000 (2024 - 1,720,000) options, respectively, were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

13. FINANCE EXPENSE AND OTHER FINANCE INCOME (EXPENSE)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Debt interest, gross	$ (15,964)	$ (20,229)	$ (32,108)	$ (41,281)
Interest on lease liabilities	(2,749)	(2,784)	(5,354)	(5,541)
Capitalized interest - at an average rate of 5.6%, 5.7% (2024 - 7.1%, 7.4%)	1,953	3,525	4,014	7,161
Finance expense	$ (16,760)	$ (19,488)	$ (33,448)	$ (39,661)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Net foreign exchange gain (loss)	$ (1,735)	$ 1,851	$ (3,852)	$ 6,781
Other income (expense), net	(10)	(238)	(124)	275
Other finance income (expense)	$ (1,745)	$ 1,613	$ (3,976)	$ 7,056

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.

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

	Three months ended June 30, 2025			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income (Loss)**
North America				
Canada	$ 115,558	$ 27,288	$ 142,846	
USA	347,402	10,855	358,257	
Mexico	496,543	36,675	533,218	
Eliminations	(41,943)	(12,017)	(53,960)	
	$ 917,560	$ 62,801	$ 980,361	$ 80,864
Europe				
Germany	184,409	7,131	191,540	
Spain	54,605	4,804	59,409	
Slovakia	17,552	173	17,725	
Eliminations	(7)	-	(7)	
	$ 256,559	$ 12,108	$ 268,667	$ (9,894)
Rest of the World	30,091	1,727	31,818	1,368
Eliminations	(4,977)	(334)	(5,311)	-
	$ 1,199,233	$ 76,302	$ 1,275,535	$ 72,338

	Three months ended June 30, 2024			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income**
North America				
Canada	$ 145,956	$ 11,396	$ 157,352	
USA	385,321	3,594	388,915	
Mexico	490,135	10,326	500,461	
Eliminations	(51,363)	(10,786)	(62,149)	
	$ 970,049	$ 14,530	$ 984,579	$ 67,155
Europe				
Germany	193,340	15,724	209,064	
Spain	58,508	8,453	66,961	
Slovakia	13,520	233	13,753	
Eliminations	(226)	(2,592)	(2,818)	
	$ 265,142	$ 21,818	$ 286,960	$ 6,946
Rest of the World	33,940	3,260	37,200	2,107
Eliminations	(5,435)	(1,511)	(6,946)	-
	$ 1,263,696	$ 38,097	$ 1,301,793	$ 76,208

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

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

	Six months ended June 30, 2025			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income (Loss)**
North America				
Canada	$ 237,120	$ 37,136	$ 274,256	
USA	671,678	13,862	685,540	
Mexico	948,750	61,362	1,010,112	
Eliminations	(83,723)	(20,764)	(104,487)	
	$ 1,773,825	$ 91,596	$ 1,865,421	$ 138,527
Europe				
Germany	366,788	12,762	379,550	
Spain	103,935	8,207	112,142	
Slovakia	31,876	444	32,320	
Eliminations	(7)	-	(7)	
	$ 502,592	$ 21,413	$ 524,005	$ (24,467)
Rest of the World	58,451	7,116	65,567	3,383
Eliminations	(9,974)	(1,253)	(11,227)	-
	$ 2,324,894	$ 118,872	$ 2,443,766	$ 117,443

	Six months ended June 30, 2024			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income (Loss)**
North America				
Canada	$ 291,748	$ 21,413	$ 313,161	
USA	785,210	6,488	791,698	
Mexico	944,815	25,530	970,345	
Eliminations	(106,546)	(20,136)	(126,682)	
	$ 1,915,227	$ 33,295	$ 1,948,522	$ 129,734
Europe				
Germany	409,748	56,391	466,139	
Spain	121,433	8,455	129,888	
Slovakia	26,848	1,067	27,915	
Eliminations	(380)	(2,592)	(2,972)	
	$ 557,649	$ 63,321	$ 620,970	$ 19,941
Rest of the World	59,229	9,733	68,962	(535)
Eliminations	(10,906)	(1,842)	(12,748)	-
	$ 2,521,199	$ 104,507	$ 2,625,706	$ 149,140

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.

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

- 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:

	June 30, 2025			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 160,030	$ 160,030	$ -	$ -
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)	674	-	674	-

	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	-

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:

June 30, 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	$ -	$ -	$ 764,750	$ -	$ 764,750	$ 764,750
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	674	-	-	-	674	674
	$ 674	$ 13,066	$ 764,750	$ -	$ 778,490	$ 778,490
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,078,395)	(1,078,395)	(1,078,395)
Long-term debt	-	-	-	(952,381)	(952,381)	(952,381)
	$ -	$ -	$ -	$ (2,030,776)	$ (2,030,776)	$ (2,030,776)
Net financial assets (liabilities)	$ 674	$ 13,066	$ 764,750	$ (2,030,776)	$ (1,252,286)	$ (1,252,286)

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

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.

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

In the normal course of business, the Company is exposed to credit risk from its customers. The Company has three customers whose sales were 30.3%, 21.3%, and 8.3% of its production sales for the six months ended June 30, 2025 (2024 - 27.4%, 22.1%, and 12.1%). 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 June 30, 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:

	June 30, 2025	December 31, 2024
0-60 days	$ 688,351	$ 565,970
61-90 days	1,693	852
Greater than 90 days	2,114	4,251
	$ 692,158	$ 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 June 30, 2025, the Company had cash of $160,030 (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.

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

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	
	June 30, 2025	**December 31, 2024**
Variable rate instruments	$ 906,515	$ 963,556
Fixed rate instruments	45,866	17,858
	$ 952,381	$ 981,414

Sensitivity analysis

An increase of 1.0% in all variable interest rate debt would, all else being equal, have an effect of $2,411 (2024 - $2,571) on the Company's interim condensed consolidated financial results for the three months ended June 30, 2025 and $4,860 (2024 - $5,057) for the six months ended June 30, 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.

At June 30, 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	$ 15,386	$ 19.4985	1

The aggregate value of these forward contracts as at June 30, 2025 was a pre-tax gain of $674 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:

June 30, 2025	USD	EURO	PESO	BRL	CNY
Trade and other receivables	$ 389,139	€ 106,421	$ 12,153	R$ 25,289	¥ 76,068
Trade and other payables	(440,591)	(170,885)	(769,930)	(63,030)	(73,217)
Long-term debt	(346,000)	(3,665)	-	-	-
	$ (397,452)	€ (68,129)	$ (757,777)	R$ (37,741)	¥ 2,851

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

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		Average rate		Closing rate	
	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024	June 30, 2025	December 31, 2024
USD	1.4073	1.3621	1.4183	1.3536	1.3689	1.4412
EURO	1.5540	1.4701	1.5221	1.4671	1.6030	1.5021
PESO	0.0706	0.0809	0.0703	0.0797	0.0727	0.0709
BRL	0.2456	0.2685	0.2428	0.2710	0.2495	0.2327
CNY	0.1938	0.1886	0.1951	0.1882	0.1912	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 June 30, 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 and six months ended June 30, 2025 and 2024 by the amounts shown below, assuming all other variables remain constant:

		Three months ended June 30, 2025		Three months ended June 30, 2024		Six months ended June 30, 2025		Six months ended June 30, 2024
USD	$	(8,439)	$	(3,776)	$	(13,086)	$	(8,957)
EURO		897		(384)		2,141		(1,332)
BRL		18		125		74		167
CNY		(43)		(166)		(283)		104
	$	(7,567)	$	(4,201)	$	(11,154)	$	(10,018)

A weakening of the Canadian dollar against the above currencies at June 30 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 conducts business in various tax jurisdictions globally, and as a result, it is subject to tax audits and assessments in many of these jurisdictions. These audits are a regular part of the Company's operations and cover a range of subjective areas of taxation and significant judgement, including intercompany transactions, the deductibility of certain expenses, the application of tax treaties and value added tax ("VAT") credits claimed on certain purchases.

The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo's tax authorities for certain historical VAT credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties, and interest charges. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities and most recent developments surrounding the assessments, is approximately $37,556 (BRL $150,513) including interest and penalties to June 30, 2025 (December 31, 2024 - $38,691 or BRL $166,277). The assessments are at various stages in the process. Three assessments totaling $21,312 (BRL $85,412) including interest and penalties as at June 30, 2025, have entered the judicial litigation process. The Company's subsidiary may be required to present guarantees related to these assessments up to $19,503 (BRL $78,160) shortly through a pledge of assets, bank letter of credit or cash deposit.

The Company's subsidiaries in Mexico and Germany are currently being assessed by Federal and State Tax authorities for tax deductions taken mainly in respect of certain intercompany transactions. Based on the audit assessments issued by the tax authorities, the potential exposure, including interest and penalties to June 30, 2025, is approximately $378,621 (MXN $5,209,855) (December 31, 2024 - $141,187 or MXN $1,991,745) in Mexico for 2013 and 2015 to 2018 tax years, and $33,287 (EURO €20,765) (December 31, 2024 - $30,407 or EURO €20,243) in Germany for 2014 to 2016 tax years.

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

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 June 30, 2025, the amount of the off-balance sheet program financing was $11,330 (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.