MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and six months ended June 30, 2025

The following management discussion and analysis (“MD&A”) was prepared as of August 12, 2025 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 tables set out certain highlights of the Company’s performance for the three and six months ended June 30, 2025 and 2024. Refer to the Company’s interim financial statements for the three and six months ended June 30, 2025 for a detailed account of the Company’s performance for the periods presented in the tables below.

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
Sales	$ 1,275,535	$ 1,301,793	(26,258)	(2.0%)
Gross Margin	184,535	183,630	905	0.5%
Operating Income	72,338	76,208	(3,870)	(5.1%)
Net Income for the period	38,091	40,979	(2,888)	(7.0%)
Net Earnings per Share - Basic and Diluted	$ 0.52	$ 0.54	(0.02)	(3.7%)
Non-IFRS Measures*				
Adjusted Operating Income	$ 86,104	$ 81,563	4,541	5.6%
% of Sales	*6.8 %*	*6.3 %*		
Adjusted EBITDA	165,386	166,139	(753)	(0.5%)
% of Sales	*13.0 %*	*12.8 %*		
Adjusted Net Income	47,755	44,383	3,372	7.6%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.66	$ 0.58	0.08	13.8%

		Six months ended June 30, 2025		Six months ended June 30, 2024	$ Change	% Change
Sales	$	2,443,766	$	2,625,706	(181,940)	(6.9%)
Gross Margin		336,134		356,167	(20,033)	(5.6%)
Operating Income		117,443		149,140	(31,697)	(21.3%)
Net Income for the period		55,565		84,629	(29,064)	(34.3%)
Net Earnings per Share - Basic and Diluted	$	0.76	$	1.10	(0.34)	(30.9%)
Non-IFRS Measures*						
Adjusted Operating Income	$	148,046	$	160,750	(12,704)	(7.9%)
% of Sales		*6.1 %*		*6.1 %*		
Adjusted EBITDA		306,307		328,969	(22,662)	(6.9%)
% of Sales		*12.5 %*		*12.5 %*		
Adjusted Net Income		77,275		92,480	(15,205)	(16.4%)
Adjusted Net Earnings per Share - Basic and Diluted	$	1.06	$	1.20	(0.14)	(11.7%)

***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 June 30, 2025		Three months ended June 30, 2024
Net Income	$	38,091	$	40,979
Adjustments, after tax*		9,664		3,404
Adjusted Net Income	$	47,755	$	44,383

		Six months ended June 30, 2025		Six months ended June 30, 2024
Net Income	$	55,565	$	84,629
Adjustments, after tax*		21,710		7,851
Adjusted Net Income	$	77,275	$	92,480

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

		Three months ended June 30, 2025		Three months ended June 30, 2024
Net Income	$	38,091	$	40,979
Income tax expense		15,204		16,531
Other finance expense (income)		1,745		(1,613)
Share of loss of equity investments		538		823
Finance expense		16,760		19,488
Adjustments, before tax*		13,766		5,355
Adjusted Operating Income	$	86,104	$	81,563
Depreciation of property, plant and equipment and right-of-use assets		77,182		80,867
Amortization of development costs		2,014		2,594
Loss on disposal of property, plant and equipment		86		1,115
Adjusted EBITDA	$	165,386	$	166,139

	Six months ended June 30, 2025	Six months ended June 30, 2024
Net Income	$ 55,565	$ 84,629
Income tax expense	23,119	30,449
Other finance expense (income)	3,976	(7,056)
Share of loss of equity investments	1,335	1,457
Finance expense	33,448	39,661
Adjustments, before tax*	30,603	11,610
Adjusted Operating Income	$ 148,046	$ 160,750
Depreciation of property, plant and equipment and right-of-use assets	154,317	161,904
Amortization of development costs	3,809	5,088
Loss on disposal of property, plant and equipment	135	1,227
Adjusted EBITDA	$ 306,307	$ 328,969

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

SALES

Three months ended June 30, 2025 to three months ended June 30, 2024 comparison

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
North America	$ 980,361	$ 984,579	(4,218)	(0.4%)
Europe	268,667	286,960	(18,293)	(6.4%)
Rest of the World	31,818	37,200	(5,382)	(14.5%)
Eliminations	(5,311)	(6,946)	1,635	23.5%
Total Sales	$ 1,275,535	$ 1,301,793	(26,258)	(2.0%)

The Company’s consolidated sales for the second quarter of 2025 decreased by $26.3 million or 2.0% to $1,275.5 million as compared to $1,301.8 million for the second quarter of 2024. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the second quarter of 2025 in the Company’s North America operating segment decreased by $4.2 million or 0.4% to $980.4 million from $984.6 million for the second quarter of 2024. The decrease was due to lower year-over-year OEM production volumes on certain light vehicle platforms, including the Jeep Grand Cherokee and Wagoneer, the Ford Escape and Maverick, and Nissan Pathfinder and Rogue; and programs that ended production during or subsequent to the second quarter of 2024, specifically the Chevrolet Malibu, an aluminum engine block for Stellantis, and the Ford Edge. These negative factors were partially offset by an increase in tooling sales of $48.3 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; higher year-over-year production volumes of certain platforms including the Ford Mustang Mach E, General Motors' Equinox/ Terrain, General Motors' large pick-up truck and SUV platforms, Mercedes' electric vehicle platform (EVA2), a transmission for the ZF Group, and the Lucid Air; the launch and ramp up of new programs during or subsequent to the second quarter of 2024, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the second quarter of 2025 of $25.7 million. Overall second quarter industry-wide OEM light vehicle production volumes in North America decreased by approximately 3% year-over-year.

Sales for the second quarter of 2025 in the Company’s Europe operating segment decreased by $18.3 million or 6.4% to $268.7 million from $287.0 million for the second quarter of 2024. The decrease was due to a decrease in tooling sales of $9.7 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer; lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, the Mercedes' electric vehicle platform (EVA2), and Jaguar Land Rover; and programs that ended production during or subsequent to the second quarter of 2024, specifically the BMW Mini. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the second quarter of 2024, including Volkswagen's new electric vehicle platform (PPE), and a transmission for Audi; higher year-over-year OEM production volumes on certain platforms, including a transmission for the ZF Group, and 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 second quarter of 2025 of $13.8 million. Overall second quarter industry-wide OEM light vehicle production volumes in Europe decreased by approximately 2% year-over-year.

Sales for the second quarter of 2025 in the Company’s Rest of the World operating segment decreased by $5.4 million or 14.5% to $31.8 million from $37.2 million in the second quarter of 2024. The decrease was largely driven by lower year-over-year production volumes with Jaguar Land Rover and BMW in China, and a decrease in tooling sales of $1.5 million.

Overall tooling sales increased by $38.2 million (including outside segment sales eliminations) to $76.3 million for the second quarter of 2025 from $38.1 million for the second quarter of 2024.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

	Six months ended June 30, 2025	Six months ended June 30, 2024	$ Change	% Change
North America	$ 1,865,421	$ 1,948,522	(83,101)	(4.3%)
Europe	524,005	620,970	(96,965)	(15.6%)
Rest of the World	65,567	68,962	(3,395)	(4.9%)
Eliminations	(11,227)	(12,748)	1,521	11.9%
Total Sales	$ 2,443,766	$ 2,625,706	(181,940)	(6.9%)

The Company’s consolidated sales for the six months ended June 30, 2025 decreased by $181.9 million or 6.9% to $2,443.8 million as compared to $2,625.7 million for the six months ended June 30, 2024. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the six months ended June 30, 2025 in the Company’s North America operating segment decreased by $83.1 million or 4.3% to $1,865.4 million from $1,948.5 million for the six months ended June 30, 2024. The decrease was due generally to lower year-over-year OEM production volumes on certain light vehicle platforms, including the Jeep Grand Cherokee and Wagoneer, the Ford Escape and Maverick, Nissan Pathfinder and Rogue, General Motors' large pick-up truck and SUV platforms, and Mercedes' electric vehicle platform (EVA2); and programs that ended production during or subsequent to the corresponding period of 2024, specifically the Chevrolet Malibu, the Ford Edge, and an aluminum engine block for Stellantis. These negative factors were partially offset by the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2025 of $71.0 million; 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 on certain platforms, including Ford Mustang Mach E, the Lucid Air, General Motors' Equinox/Terrain, and a transmission for the ZF Group; and an increase in tooling sales of $58.3 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. Overall industry-wide OEM light vehicle production volumes during the six months ended June 30, 2025 decreased in North America by approximately 4% year-over-year.

Sales for the six months ended June 30, 2025 in the Company’s Europe operating segment decreased by $97.0 million or 15.6% to $524.0 million from $621.0 million for the six months ended June 30, 2024. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, the Mercedes' electric vehicle platform (EVA2), and Jaguar Land Rover; programs that ended production during or subsequent to the corresponding period of 2024, specifically the BMW Mini; and a decrease in tooling sales of $41.9 million which are typically dependent on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the launch and ramp up of new programs, including Volkswagen's new electric vehicle platform (PPE), and a transmission for Audi; higher year-over-year production volumes of certain platforms including the Lucid Air, and a transmission for the ZF Group; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2025 of $18.1 million. Overall industry-wide OEM light vehicle production volumes during the six months ended June 30, 2025 decreased in Europe by approximately 3% year-over-year.

Sales for the six months ended June 30, 2025 in the Company's Rest of the World operating segment decreased by $3.4 million or 4.9% to $65.6 million from $69.0 million for the six months ended June 30, 2024. The decrease was largely driven by a decrease in tooling sales of $2.6 million, and lower year-over-year production volumes with Jaguar Land Rover and Mercedes.

Overall tooling sales increased by $14.4 million (including outside segment sales eliminations) to $118.9 million for the six months ended June 30, 2025 from $104.5 million for the six months ended June 30, 2024.

GROSS MARGIN

Three months ended June 30, 2025 to three months ended June 30, 2024 comparison

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
Gross margin	$ 184,535	$ 183,630	905	0.5%
% of Sales	14.5 %	14.1 %		

The gross margin percentage for the second quarter of 2025 of 14.5% increased as a percentage of sales by 0.4% as compared to the gross margin percentage for the second quarter of 2024 of 14.1%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities and other improvements; partially offset by an increase in tooling sales which typically earn low margin for the Company, and operational inefficiencies at certain other operating facilities.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

	Six months ended June 30, 2025	Six months ended June 30, 2024	$ Change	% Change
Gross margin	$ 336,134	$ 356,167	(20,033)	(5.6%)
% of Sales	13.8%	13.6%		

The gross margin percentage for the six months ended June 30, 2025 of 13.8% increased as a percentage of sales by 0.2% as compared to the gross margin percentage for the six months ended June 30, 2024 of 13.6%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities and other improvements; partially offset by:

- overall lower production sales volume and corresponding contribution;
- an increase in tooling sales which typically earn low margin for the Company; and
- operational inefficiencies at certain other operating facilities.

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

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

Three months ended June 30, 2025 to three months ended June 30, 2024 comparison

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
Selling, general & administrative	$ 83,091	$ 86,557	(3,466)	(4.0%)
% of Sales	6.5 %	6.6 %		

SG&A expense for the second quarter of 2025 decreased by $3.5 million to $83.1 million as compared to SG&A expense for the second quarter of 2024 of $86.6 million. The decrease in SG&A expense can largely be attributed to overall lower employee levels and related costs as compared to the second quarter of 2024 and a decrease in travel costs; partially offset by an increase in equity-based compensation expense related to deferred, restricted, and performance share units.

SG&A expense as a percentage of sales decreased slightly to 6.5% for the second quarter of 2025 compared to 6.6% for the second quarter of 2024.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

		Six months ended June 30, 2025		Six months ended June 30, 2024	$ Change	% Change
Selling, general & administrative	$	158,366	$	164,748	(6,382)	(3.9%)
% of Sales		6.5%		6.3%		

SG&A expense for the six months ended June 30, 2025 decreased by $6.4 million to $158.4 million as compared to SG&A expense for the six months ended June 30, 2024 of $164.7 million. The decrease in SG&A expense can largely be attributed to overall lower employee levels and related costs as compared to the corresponding period of 2024, a decrease in equity-based compensation expense related to deferred, restricted, and performance share units, and a decrease in travel costs.

SG&A expense as a percentage of sales increased to 6.5% for the six months ended June 30, 2025 compared to 6.3% for the six months ended June 30, 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 June 30, 2025 to three months ended June 30, 2024 comparison

		Three months ended June 30, 2025		Three months ended June 30, 2024	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$	73,329	$	76,680	(3,351)	(4.4%)
Depreciation of PP&E and right-of-use assets (non-production)		3,853		4,187	(334)	(8.0%)
Amortization of development costs		2,014		2,594	(580)	(22.4%)
Total depreciation and amortization	$	79,196	$	83,461	(4,265)	(5.1%)

Total depreciation and amortization expense for the second quarter of 2025 decreased by $4.3 million to $79.2 million as compared to $83.5 million for the second quarter of 2024. The decrease in depreciation and amortization expense was due to impairment charges recorded during the fourth quarter of 2024, partially offset by additional depreciation on PP&E assets relating to new and replacement business that commenced during or subsequent to the second quarter of 2024.

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

Total depreciation and amortization expense as a percentage of sales decreased year-over-over to 6.2% for the second quarter of 2025 from 6.4% for the second quarter of 2024 due mainly to the reasons noted.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

		Six months ended June 30, 2025		Six months ended June 30, 2024	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$	146,692	$	153,647	(6,955)	(4.5%)
Depreciation of PP&E and right-of-use assets (non-production)		7,625		8,257	(632)	(7.7%)
Amortization of development costs		3,809		5,088	(1,279)	(25.1%)
Total depreciation and amortization	$	158,126	$	166,992	(8,866)	(5.3%)

Total depreciation and amortization expense for the six months ended June 30, 2025 decreased by $8.9 million to $158.1 million as compared to $167.0 million for the six months ended June 30, 2024. The decrease in depreciation and amortization expense was due to impairment charges recorded during the fourth quarter of 2024, partially offset by additional depreciation on PP&E assets relating to new and replacement business that commenced during or subsequent to the six months ended June 30, 2024.

Total depreciation and amortization expense as a percentage of sales increased year-over-year to 6.5% for the six months ended June 30, 2025 from 6.4% for the six months ended June 30, 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 June 30, 2025 to three months ended June 30, 2024 comparison

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change
NET INCOME	**$ 38,091**	**$ 40,979**	**$ (2,888)**
Adjustments:			
Restructuring costs (1)	13,766	5,355	8,411
ADJUSTMENTS, BEFORE TAX	**$ 13,766**	**$ 5,355**	**$ 8,411**
Tax impact of adjustments	(4,102)	(1,951)	(2,151)
ADJUSTMENTS, AFTER TAX	**$ 9,664**	**$ 3,404**	**$ 6,260**
ADJUSTED NET INCOME	**$ 47,755**	**$ 44,383**	**$ 3,372**
Number of Shares Outstanding – Basic (‘000)	72,788	76,060	
Adjusted Basic Net Earnings Per Share	$ 0.66	$ 0.58	
Number of Shares Outstanding – Diluted (‘000)	72,788	76,062	
Adjusted Diluted Net Earnings Per Share	$ 0.66	$ 0.58	

TABLE B

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

	Six months ended June 30, 2025	Six months ended June 30, 2024	$ Change
NET INCOME	**$ 55,565**	**$ 84,629**	**$ (29,064)**
Adjustments:			
Restructuring costs (1)	30,603	11,610	18,993
ADJUSTMENTS, BEFORE TAX	**$ 30,603**	**$ 11,610**	**$ 18,993**
Tax impact of adjustments	(8,893)	(3,759)	(5,134)
ADJUSTMENTS, AFTER TAX	**$ 21,710**	**$ 7,851**	**$ 13,859**
ADJUSTED NET INCOME	**$ 77,275**	**$ 92,480**	**$ (15,205)**
Number of Shares Outstanding – Basic (‘000)	72,788	76,984	
Adjusted Basic Net Earnings Per Share	$ 1.06	$ 1.20	
Number of Shares Outstanding – Diluted (‘000)	72,788	77,005	
Adjusted Diluted Net Earnings Per Share	$ 1.06	$ 1.20	

(1) Restructuring costs

Additions to the restructuring provision during the three and six months ended June 30, 2025 totalled $13.8 million and $30.6 million, respectively, and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Canada, Mexico, and the United States.

Additions to the restructuring provision during the three and six months ended June 30, 2024 totalled $5.4 million and $11.6 million, respectively, and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico Canada, and the United States.

NET INCOME

Three months ended June 30, 2025 to three months ended June 30, 2024 comparison

	Three months ended June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
Net Income	$ 38,091	$ 40,979	(2,888)	(7.0%)
Adjusted Net Income	47,755	44,383	3,372	7.6%
Net Earnings per Share				
Basic and Diluted	$ 0.52	$ 0.54		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.66	$ 0.58		

Net Income, before adjustments, for the second quarter of 2025 decreased by $2.9 million to $38.1 million or $0.52 per share, on a basic and diluted basis, from Net Income of $41.0 million or $0.54 per share, on a basic and diluted basis, for the second quarter of 2024. Excluding the adjustments explained in Table A under "Adjustments to Net Income", Adjusted Net Income for the second quarter of 2025 increased by $3.4 million to $47.8 million or $0.66 per share, on a basic and diluted basis, from $44.4 million or $0.58 per share, on a basic and diluted basis, for the second quarter of 2024.

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

- a year-over-year decrease in SG&A expense, as previously explained;

- a $2.7 million year-over-year decrease in finance expense as a result of decreased debt levels and lower borrowing rates on the Company's revolving bank debt; and
- a lower effective tax rate (28.8% for the second quarter of 2025 compared to 29.4% for the second quarter of 2024).

These factors were partially offset by the following:

- a net foreign exchange loss of $1.7 million for the second quarter of 2025 compared to a gain of $1.9 million for the second quarter of 2024; and
- a $1.2 million year-over-year increase in research and development costs driven generally by increased new product and process development activity.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

		Six months ended June 30, 2025		Six months ended June 30, 2024	$ Change	% Change
Net Income	$	55,565	$	84,629	(29,064)	(34.3%)
Adjusted Net Income		77,275		92,480	(15,205)	(16.4%)
Net Earnings per Share						
Basic and Diluted	$	0.76	$	1.10		
Adjusted Net Earnings per Share						
Basic and Diluted	$	1.06	$	1.20		

Net Income, before adjustments, for the six months ended June 30, 2025 decreased by $29.1 million to $55.6 million or $0.76 per share, on a basic and diluted basis, from Net Income of $84.6 million or $1.10 per share, on a basic and diluted basis, for the six months ended June 30, 2024. Excluding the adjustments explained in Table B under “Adjustments to Net Income”, Adjusted Net Income for the six months ended June 30, 2025 decreased by $15.2 million to $77.3 million or $1.06 per share on a basic and diluted basis, from $92.5 million or $1.20 per share on a basic and diluted basis, for the six months ended June 30, 2024.

Adjusted Net Income for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was negatively impacted by the following:

- lower gross margin from lower year-over-year sales volume;
- a net foreign exchange loss of $3.9 million for the six months ended June 30, 2025 compared to a gain of $6.8 million for the six months ended June 30, 2024; and
- a higher effective tax rate (29.3% for the six months ended June 30, 2025 compared to 27.0% for the six months ended June 30, 2024).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously explained; and
- a $6.2 million year-over-year decrease in finance expense as a result of decreased debt levels and lower borrowing rates on the Company's revolving bank debt.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended June 30, 2025 to three months ended June 30, 2024 comparison

		Three months ended June 30, 2025		Three months ended June 30, 2024	$ Change	% Change
Additions to PP&E	$	48,487	$	60,048	(11,561)	(19.3%)

Additions to PP&E decreased by $11.6 million to $48.5 million or 3.8% of sales for the second quarter of 2025 as compared to $60.0 million or 4.6% of sales in the second quarter of 2024.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

	Six months ended June 30, 2025	Six months ended June 30, 2024	$ Change	% Change
Additions to PP&E	$ 82,734	$ 99,220	(16,486)	(16.6%)

Additions to PP&E decreased by $16.5 million to $82.7 million or 3.4% of sales for the six months ended June 30, 2025 compared to $99.2 million or 3.8% of sales for the six months ended June 30, 2024.

General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the six months ended June 30, 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 June 30, 2025 to three months ended June 30, 2024 comparison

	SALES		OPERATING INCOME*	
	Three months ended June 30, 2025	Three months ended June 30, 2024	Three months ended June 30, 2025	Three months ended June 30, 2024
North America	$ 980,361	$ 984,579	$ 82,979	$ 69,152
Europe	268,667	286,960	1,757	10,304
Rest of the World	31,818	37,200	1,368	2,107
Eliminations	(5,311)	(6,946)	-	-
Adjusted Operating Income			$ 86,104	$ 81,563
Adjustments*	-	-	(13,766)	(5,355)
Total	$ 1,275,535	$ 1,301,793	$ 72,338	$ 76,208

**Operating Income for the operating segments has been adjusted for certain items as explained in Table A under "Adjustments to Net Income". Of the $13.8 million adjustment for the second quarter of* 2025, *$2.1 million was recognized in North America and $11.7 million in Europe. Of the $5.4 million adjustment for the second quarter of 2024, $2.0 million was recognized in North America and $3.4 million in Europe.*

North America

Adjusted Operating Income in North America increased by $13.8 million to $83.0 million or 8.5% of sales for the second quarter of 2025 from $69.2 million or 7.0% of sales for the second quarter of 2024. The increase in Adjusted Operating Income as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities and other improvements; and higher year-over-year favourable commercial settlements. These positive factors were partially offset by the negative impact on margins from lower year-over-year production sales; an increase in tooling sales, which typically earn low margin for the Company; and operational inefficiencies at certain other operating facilities.

Europe

Adjusted Operating Income in Europe decreased by $8.5 million to $1.8 million or 0.7% of sales for the second quarter of 2025 from $10.3 million or 3.6% of sales for the second quarter of 2024. The decrease in Adjusted Operating Income was generally due to lower favourable commercial settlements, and the negative impact on margins from lower year-over-year production sales; partially offset by a decrease in tooling sales, and productivity and efficiency improvements at certain operating facilities and other improvements.

Rest of the World

Adjusted Operating Income in the Rest of the World decreased by $0.7 million to $1.4 million or 4.3% of sales for the second quarter of 2025 from $2.1 million or 5.7% of sales for the second quarter of 2024 due to the negative impact on margins from lower year-over-year production sales, and lower favourable commercial settlements.

Six months ended June 30, 2025 to six months ended June 30, 2024 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Six months ended June 30, 2025	Six months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
North America	$ 1,865,421	$ 1,948,522	$ 144,643	$ 136,303
Europe	524,005	620,970	20	24,982
Rest of the World	65,567	68,962	3,383	(535)
Eliminations	(11,227)	(12,748)	-	-
Adjusted Operating Income			$ 148,046	$ 160,750
Adjustments*	-	-	(30,603)	(11,610)
Total	$ 2,443,766	$ 2,625,706	$ 117,443	$ 149,140

**Operating Income (Loss) for the operating segments has been adjusted for certain items as explained in Table B under "Adjustments to Net Income". Of the $30.6 million adjustment for the six months ended June 30, 2025, $6.1 million was recognized in North America and $24.5 million in Europe. Of the $11.6 million adjustment for the six months ended June 30, 2024, $6.6 million was recognized in North America and $5.0 million in Europe.*

North America

Adjusted Operating Income in North America increased by $8.3 million to $144.6 million or 7.8% of sales for the six months ended June 30, 2025 from $136.3 million or 7.0% of sales for the six months ended June 30, 2024. The increase in Adjusted Operating Income as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities and other improvements; and higher year-over-year favourable commercial settlements. These positive factors were partially offset by the negative impact on margins from lower year-over-year production sales; an increase in tooling sales, which typically earn low margin for the Company; and operational inefficiencies at certain other operating facilities.

Europe

Adjusted Operating Income in Europe decreased by $25.0 million to essentially breakeven for the six months ended June 30, 2025 from $25.0 million or 4.0% of sales for the six months ended June 30, 2024, due to the negative impact on margins from lower year-over-year production sales, lower tooling sales, and lower favourable commercial settlements.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World increased by $3.9 million to an income of $3.4 million or 5.2% of sales for the six months ended June 30, 2025 from a loss of $0.5 million or (0.8)% of sales for the six months ended June 30, 2024, due to a decrease in tooling sales, higher year-over-year favourable commercial settlements, and costs related to the ramp-up of new business with BMW which negatively impacted prior year operating income; partially offset by the negative impact on margins from lower year-over-year production sales.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	$1,275,535	$1,168,231	$1,150,928	$1,237,493	$1,301,793	$1,323,913	$1,296,121	$1,378,938
Gross Margin	184,535	151,599	129,040	163,350	183,630	172,537	153,228	181,194
Operating Income (Loss)	72,338	45,105	(90,411)	65,879	76,208	72,932	28,486	83,015
Adjusted Operating Income	86,104	61,942	40,069	65,879	81,563	79,187	56,647	83,015
Net Income (Loss) for the period	38,091	17,474	(133,332)	14,157	40,979	43,650	1,850	53,744
Adjusted Net Income (Loss)	47,755	29,520	(15,596)	14,157	44,383	48,097	29,251	53,744
Basic and Diluted Net Earnings (Loss) per Share	0.52	0.24	(1.82)	0.19	0.54	0.56	0.02	0.68
Adjusted Basic and Diluted Net Earnings (Loss) per Share	0.66	0.41	(0.21)	0.19	0.58	0.62	0.37	0.68

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 June 30, 2025, $40.2 million (US $29.3 million) (December 31, 2024 - $33.0 million or US $22.9 million) of receivables were sold under the program, of which $11.2 million (US $8.2 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 June 30, 2025, the Company had drawn US $346 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 June 30, 2025, the Company had total liquidity of $557 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 $254 million was available as at June 30, 2025. 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.

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

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

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:		**June 30, 2025**		**March 31, 2025**		**December 31, 2024**		**September 30, 2024**		**June 30, 2024**
Long-term debt	$	952,381	$	1,013,485	$	981,414	$	997,353	$	1,033,586
Less: Cash and cash equivalents		(160,030)		(148,548)		(167,951)		(177,267)		(181,438)
Net Debt	$	792,351	$	864,937	$	813,463	$	820,086	$	852,148
Trailing 12-month Adjusted EBITDA	$	526,652	$	527,971	$	551,503	$	560,648	$	571,185
Net Debt to Adjusted EBITDA ratio		1.50x		1.64x		1.47x		1.46x		1.49x

Including the impact of IFRS 16:		**June 30, 2025**		**March 31, 2025**		**December 31, 2024**		**September 30, 2024**		**June 30, 2024**
Long-term debt	$	952,381	$	1,013,485	$	981,414	$	997,353	$	1,033,586
Lease liabilities		225,382		241,920		243,411		244,410		252,211
		1,177,763		1,255,405		1,224,825		1,241,763		1,285,797
Less: Cash and cash equivalents		(160,030)		(148,548)		(167,951)		(177,267)		(181,438)
Net Debt	$	1,017,733	$	1,106,857	$	1,056,874	$	1,064,496	$	1,104,359
Trailing 12-month Adjusted EBITDA	$	592,096	$	592,849	$	614,758	$	623,178	$	632,531
Net Debt to Adjusted EBITDA ratio		1.72x		1.87x		1.72x		1.71x		1.75x

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.

		June 30, 2025		**March 31, 2025**		**December 31, 2024**		**September 30, 2024**		**June 30, 2024**
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	$	592,096	$	592,849	$	614,758	$	623,178	$	632,531
Principal payments of lease liabilities		(54,706)		(54,105)		(52,330)		(51,324)		(50,073)
Interest on lease liabilities		(10,738)		(10,773)		(10,925)		(11,206)		(11,273)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	$	526,652	$	527,971	$	551,503	$	560,648	$	571,185

The Company’s Net Debt (excluding the impact of IFRS 16) decreased by $72.6 million during the second quarter of 2025 to $792.4 million from $864.9 million at the end of the first quarter of 2025 due largely to positive Free Cash Flow (after IFRS 16 lease payments) generated during the quarter and foreign exchange translation; partially offset by cash restructuring costs of $7.4 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) decreased to 1.50x from 1.64x at the end of the first quarter of 2025.

The Company was in compliance with its debt covenants as at June 30, 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 June 30, 2025	Three months ended June 30, 2024	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 155,080	$ 170,223	(15,143)	(8.9%)
Change in non-cash working capital items	24,510	(15,534)	40,044	257.8%
	179,590	154,689	24,901	16.1%
Interest paid	(18,511)	(22,789)	4,278	18.8%
Income taxes paid	(28,580)	(23,566)	(5,014)	(21.3%)
Cash provided by operating activities	132,499	108,334	24,165	22.3%
Cash used in financing activities	(54,260)	(44,396)	(9,864)	(22.2%)
Cash used in investing activities	(63,887)	(54,482)	(9,405)	(17.3%)
Effect of foreign exchange rate changes on cash and cash equivalents	(2,870)	(1,712)	(1,158)	(67.6%)
Increase in cash and cash equivalents	$ 11,482	$ 7,744	3,738	48.3%

Cash provided by operating activities during the second quarter of 2025 was $132.5 million, compared to $108.3 million in the corresponding period of 2024. The components for the second quarter of 2025 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $155.1 million;
- working capital items source of cash of $24.5 million comprised of an increase in trade, other payables and provisions of $45.0 million, and a decrease in inventories of $36.8 million; partially offset by an increase in trade and other receivables of $50.8 million, and an increase in prepaid expenses and deposits of $6.5 million;

- income taxes paid of $28.6 million; and
- interest paid of $18.5 million.

Cash used in financing activities during the second quarter of 2025 was $54.3 million, compared to $44.4 million in the corresponding period of 2024. The components for the second quarter of 2025 primarily include the following:

- a $36.6 million net decrease in long-term debt;
- principal payments of lease liabilities of $14.0 million; and
- $3.6 million in dividends paid.

Cash used in investing activities during the second quarter of 2025 was $63.9 million, compared to $54.5 million in the corresponding period of 2024. The components for the second quarter of 2025 primarily include the following:

- cash additions to PP&E of $59.4 million; and
- capitalized development costs relating to upcoming new program launches of $4.9 million.

Taking into account the opening cash balance of $148.5 million at the beginning of the second quarter of 2025, and the activities described above, the cash and cash equivalents balance at June 30, 2025 was $160.0 million.

	Six months ended June 30, 2025	Six months ended June 30, 2024	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 273,586	$ 331,299	(57,713)	(17.4%)
Change in non-cash working capital items	(21,590)	(91,760)	70,170	76.5%
	251,996	239,539	12,457	5.2%
Interest paid	(36,628)	(43,467)	6,839	15.7%
Income taxes paid	(54,453)	(48,684)	(5,769)	(11.8%)
Cash provided by operating activities	160,915	147,388	13,527	9.2%
Cash used in financing activities	(36,631)	(29,783)	(6,848)	(23.0%)
Cash used in investing activities	(128,800)	(120,952)	(7,848)	(6.5%)
Effect of foreign exchange rate changes on cash and cash equivalents	(3,405)	(2,019)	(1,386)	(68.6%)
Decrease in cash and cash equivalents	$ (7,921)	$ (5,366)	(2,555)	(47.6%)

Cash provided by operating activities during the six months ended June 30, 2025 was $160.9 million, compared to $147.4 million in the corresponding period of 2024. The components for the six months ended June 30, 2025 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $273.6 million;
- working capital use of cash of $21.6 million comprised of an increase in trade and other receivables of $166.4 million, and an increase in prepaid expenses and deposits of $2.7 million; partially offset by an increase in trade, other payables and provisions of $122.8, and a decrease in inventories of $24.7 million;
- income taxes paid of $54.5 million; and
- interest paid of $36.6 million.

Cash used in financing activities during the six months ended June 30, 2025 was $36.6 million, compared to $29.8 million in the corresponding period of 2024. The components for the six months ended June 30, 2025 primarily include the following:

- principal payments of lease liabilities of $28.1 million;
- $7.3 million in dividends paid; and
- a $1.2 million net decrease in long-term debt.

Cash used in investing activities during the six months ended June 30, 2025 was $128.8 million, compared to $121.0 million in the corresponding period of 2024. The components for the six months ended June 30, 2025 primarily include the following:

- cash additions to PP&E of $121.6 million; and
- capitalized development costs relating to upcoming new program launches of $6.6 million.

Taking into account the opening cash balance of $168.0 million at the beginning of 2025, and the activities described above, the cash and cash equivalents balance at June 30, 2025 was $160.0 million.

Free Cash Flow

		Three months ended June 30, 2025		Three months ended June 30, 2024	$ Change
Adjusted EBITDA	$	165,386	$	166,139	(753)
Add (deduct):					
Change in non-cash working capital items		24,510		(15,534)	40,044
Remove impact of restructuring provision		(7,143)		1,917	(9,060)
Purchase of property, plant and equipment (excluding capitalized interest)		(59,374)		(52,594)	(6,780)
Cash proceeds on disposal of property, plant and equipment		614		211	403
Capitalized development costs		(4,937)		(2,099)	(2,838)
Interest paid		(18,511)		(22,789)	4,278
Income taxes paid		(28,580)		(23,566)	(5,014)
Free Cash Flow		71,965		51,685	20,280
Principal payments of IFRS 16 lease liabilities		(14,033)		(13,432)	(601)
Free Cash Flow (after IFRS 16 lease payments)	$	57,932	$	38,253	19,679

Free cash flow for the second quarter of 2025 increased year-over-year due largely to a positive year-over-year change in non-cash working capital items, net of the change in the restructuring provision which is included in working capital, and lower interest paid on long-term debt; partially offset by an increase in cash purchases of property, plant and equipment, higher income taxes paid, and an increase in capitalized development costs.

Tooling-related working capital accounts, including inventory, trade and other receivables, and trade and other payables on a net basis, amounted to $3.3 million as at June 30, 2025, an increase from ($4.7) million as at March 31, 2025 and a decrease from $21.6 million as at June 30, 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 June 30, 2025 and 2024:

	Three months ended June 30, 2025	**Three months ended June 30, 2024**
Cash provided by operating activities	$ 132,499	$ 108,334
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(59,374)	(52,594)
Cash proceeds on disposal of property, plant and equipment	614	211
Capitalized development costs	(4,937)	(2,099)
Restructuring costs	13,766	5,355
Remove impact of restructuring provision	(7,143)	1,917
Unrealized gain (loss) on foreign exchange contracts	222	(4,265)
Deferred and restricted share units expense	(5,213)	(3,552)
Stock options expense	(177)	(42)
Pension and other post-employment benefits expense	(612)	(567)
Contributions made to pension and other post-retirement benefits	575	600
Net unrealized foreign exchange loss (gain) and other expense (income)	1,745	(1,613)
Free Cash Flow	71,965	51,685
Principal payments of IFRS 16 lease liabilities	(14,033)	(13,432)
Free Cash Flow (after IFRS 16 lease payments)	$ 57,932	$ 38,253

	Six months ended June 30, 2025	**Six months ended June 30, 2024**	**$ Change**
Adjusted EBITDA	$ 306,307	$ 328,969	(22,662)
Add (deduct):			
Change in non-cash working capital items	(21,590)	(91,760)	70,170
Remove impact of restructuring provision	(19,551)	18,096	(37,647)
Purchase of property, plant and equipment (excluding capitalized interest)	(121,604)	(110,867)	(10,737)
Cash proceeds on disposal of property, plant and equipment	650	1,189	(539)
Capitalized development costs	(6,597)	(3,144)	(3,453)
Interest paid	(36,628)	(43,467)	6,839
Income taxes paid	(54,453)	(48,684)	(5,769)
Free Cash Flow	46,534	50,332	(3,798)
Principal payments of IFRS 16 lease liabilities	(28,132)	(25,756)	(2,376)
Free Cash Flow (after IFRS 16 lease payments)	$ 18,402	$ 24,576	(6,174)

Free cash flow for the six months ended June 30, 2025 decreased year-over-year due largely to lower Adjusted EBITDA, an increase in cash purchases of property, plant and equipment, higher income taxes paid, and an increase in capitalized development costs; partially offset by a decrease in cash used in non-cash working capital, net of the change in the restructuring provision which is included in working capital, and lower interest paid on long-term debt.

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 six months ended June 30, 2025 and 2024:

	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash provided by operating activities	$ 160,915	$ 147,388
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(121,604)	(110,867)
Cash proceeds on disposal of property, plant and equipment	650	1,189
Capitalized development costs	(6,597)	(3,144)
Restructuring costs	30,603	11,610
Remove impact of restructuring provision	(19,551)	18,096
Unrealized gain (loss) on foreign exchange contracts	674	(3,469)
Deferred and restricted share units expense	(2,127)	(3,368)
Stock options expense	(354)	(84)
Pension and other post-employment benefits expense	(1,215)	(1,131)
Contributions made to pension and other post-retirement benefits	1,164	1,168
Net unrealized foreign exchange loss (gain) and other expense (income)	3,976	(7,056)
Free Cash Flow	46,534	50,332
Principal payments of IFRS 16 lease liabilities	(28,132)	(25,756)
Free Cash Flow (after IFRS 16 lease payments)	$ 18,402	$ 24,576

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 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.

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 August 12, 2025, the Company had 72,787,848 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at August 12, 2025, options to acquire 1,995,000 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.

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.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET FINANCING

During the six months ended June 30, 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 June 30, 2025, the amount of the off-balance sheet program financing was $11.3 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 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 $0.7 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

		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 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		(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 market value of the shares held in NanoXplore by the Company was $92.7 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, global trade and tariff issues, and other statements under Recent Developments, including potential impact on the business, the Company’s ability to be a consistent Free Cash Flow generator, 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.