MARTINREA INTERNATIONAL INC.

REPORT TO SHAREHOLDERS

FOR THE THIRD QUARTER ENDING SEPTEMBER 30, 2024

THIRD QUARTER REPORT

September 30, 2024

MESSAGE TO SHAREHOLDERS

The Company had a solid third quarter, as reflected in the attached materials. Our Company continues to improve in a tough automotive environment, driving our One Martinrea culture. Our financial position remains very strong and our future is bright.

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

(Signed) *"Rob Wildeboer"*

Rob Wildeboer
Executive Chairman

PRESS RELEASE

FOR IMMEDIATE RELEASE
NOVEMBER 12, 2024

MARTINREA INTERNATIONAL INC. REPORTS SOLID THIRD QUARTER RESULTS AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the third quarter ended September 30, 2024, and declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

- Third quarter total sales of $1,237.5 million, production sales of $1,167.3 million.
- Third quarter Adjusted EBITDA(1) of $154.1 million, 12.5% of total sales.
- Third quarter Operating Income Margin of 5.3%; Adjusted Operating Income Margin(1) was 5.9% for the nine months ended September 30, 2024.
- Third quarter Free Cash Flow(1) (excluding principal payments of IFRS-16 lease liabilities) was $57.0 million; Free Cash Flow(1) was $107.4 million for the nine months ended September 30, 2024, a notable improvement over $75.5 million generated in the nine months ended September 30, 2023.
- Third quarter diluted net earnings per share of $0.19 or $0.44 per share at a normalized effective tax rate after adjusting for unusual foreign exchange movements between the Mexican Peso against the U.S. dollar. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time (refer to “Overall Results” section for further details).
- Net Debt-to-Adjusted EBITDA(1) ratio, excluding the impact of IFRS 16, ended the third quarter at 1.46x.
- New business awards of approximately $35 million in annualized sales at mature volumes.
- Quarterly cash dividend of $0.05 per share declared.

OVERVIEW

Pat D’Eramo, Chief Executive Officer, stated: “Our third quarter financial results were solid, and met our internal expectations based on the lower level of industry production volumes in the quarter. Our Free Cash Flow(1) was strong, and our Adjusted EBITDA(1) was solid, with Adjusted EBITDA Margin(1) up year over year. Operationally, we are executing well. We continue to drive efficiency gains and cost savings through our Martinrea Operating System. In addition, we continue to make good progress in commercial negotiations with our customers, obtaining compensation for volume shortfalls on electric vehicle programs and lingering inflationary costs. We are experiencing some further production volume shortfalls in the fourth quarter as OEMs adjust inventories on a number of platforms, some of which are big programs for us. We have been impacted by OEM production shutdowns, often with little to no advance warning, which makes it challenging to properly flex costs. The

[1] The Company prepares its financial statements in accordance with IFRS Accounting Standards (“IFRS”). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company’s performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures, included anywhere in this press release, include “Adjusted Net Income”, “Adjusted Net Earnings per Share (on a basic and diluted basis)”, “Adjusted Operating Income”, “Adjusted EBITDA”, “Free Cash Flow”, “Free Cash-Flow (after IFRS 16 lease payments)” and “Net Debt”. The relevant IFRS financial measure, as applicable, and a reconciliation of certain non-IFRS financial measures to measures determined in accordance with IFRS are contained in the Company’s Management Discussion and Analysis for the three and nine months ended September 30, 2024 and in this press release.

impact is being felt across all powertrain types, not just electric vehicles. While this will impact our financial performance in the fourth quarter, we expect production volumes to improve beginning in the first quarter of 2025, as inventories adjust. Interest rates, which are coming down in both the U.S. and Canada, with further cuts expected, should help to improve vehicle affordability, which in turn, should lead to higher sales for suppliers."

He continued: "I am pleased to announce that we have been awarded new business representing $35 million in annualized sales at mature volumes, consisting of $30 million in Lightweight Structures with multiple customers including International Motors (formerly Navistar), BMW, and Nissan, and $5 million in Propulsion Systems, with Audi."

Peter Cirulis, Chief Financial Officer, stated: "We are pleased with our financial performance in the third quarter. We are driving a healthy level of Free Cash Flow(1) from the business, and our balance sheet is in great shape. Sales for the third quarter, excluding tooling sales of $70.2 million, were $1,167.3 million. Third quarter Adjusted EBITDA was $154.1 million, and Adjusted EBITDA Margin of 12.5% was up 60 basis points year over year. Free Cash Flow(1) (excluding principal payments of IFRS-16 lease liabilities) was $57.0 million in the third quarter, and $107.4 million on a year-to-date basis, a big improvement over the $75.5 million generated in the comparable 2023 period, driven in part by lower capex. On a full year basis, we project that we will come in at the high end of our 2024 Free Cash Flow(1) outlook range of $100 million to $150 million, excluding lease payments, and potentially even better."

He continued: "Net Debt(1) (excluding IFRS-16 lease liabilities) declined by approximately $32 million quarter over quarter, to $820.1 million, reflecting the Free Cash Flow(1) profile for the quarter. Approximately $9.5 million was spent during the quarter, repurchasing approximately 826,000 shares through our normal course issuer bid. Our-Net-Debt-to-Adjusted EBITDA(1) ratio (excluding the impact of IFRS 16) ended the quarter at 1.46x, in line with our target leverage ratio of 1.5x or better."

Rob Wildeboer, Executive Chairman, stated: "We are executing well operationally and financially, and allocating capital with a view to maximizing returns for our stakeholders. We have previously mentioned that capital allocation would be balanced between share buybacks and debt reduction. Both are important priorities for us, and we have demonstrated disciplined execution on both fronts, including during the third quarter. In the past year and a half, since our net debt hit an all-time high of $956 million, we have paid down $136 million in debt, repurchased 6.5 million common shares, equal to 8% of shares outstanding, and reduced our Net-Debt-to-Adjusted EBITDA(1) ratio from 1.90x to 1.46x. We believe consistent Free Cash Flow(1) generation is the path to a higher valuation. On behalf of the executive management team, we would like to thank our people for their hard work in delivering a solid quarterly performance, as well as our shareholders and other stakeholders for their continued support."

RESULTS OF OPERATIONS

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

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the three and nine months ended September 30, 2024 ("MD&A"), the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2023 can be found at www.sedarplus.ca.

OVERALL RESULTS

Results of operations may include certain items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS 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 nine months ended September 30, 2024 and 2023. Refer to the Company's interim financial statements for the three and nine months ended September 30, 2024 for a detailed account of the Company's performance for the periods presented in the tables below.

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Sales	$ 1,237,493	$ 1,378,938	(141,445)	(10.3%)
Gross Margin	163,350	181,194	(17,844)	(9.8%)
Operating Income	65,879	83,015	(17,136)	(20.6%)
Net Income for the period	14,157	53,744	(39,587)	(73.7%)
Net Earnings per Share - Basic and Diluted	$ 0.19	$ 0.68	(0.49)	(72.1%)
Non-IFRS Measures**				
Adjusted Operating Income	$ 65,879	$ 83,015	(17,136)	(20.6%)
% of Sales	*5.3 %*	*6.0 %*		
Adjusted EBITDA	154,129	163,482	(9,353)	(5.7%)
% of Sales	*12.5 %*	*11.9 %*		
Adjusted Net Income*	14,157	53,744	(39,587)	(73.7%)
Adjusted Net Earnings per Share - Basic and Diluted*	$ 0.19	$ 0.68	(0.49)	(72.1%)

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Sales	$ 3,863,199	$ 4,043,882	(180,683)	(4.5%)
Gross Margin	519,517	522,169	(2,652)	(0.5%)
Operating Income	215,019	240,628	(25,609)	(10.6%)
Net Income for the period	98,786	151,815	(53,029)	(34.9%)
Net Earnings per Share - Basic and Diluted	$ 1.30	$ 1.90	(0.60)	(31.6%)
Non-IFRS Measures**				
Adjusted Operating Income	$ 226,629	$ 240,628	(13,999)	(5.8%)
% of Sales	*5.9 %*	*6.0 %*		
Adjusted EBITDA	483,098	476,598	6,500	1.4%
% of Sales	*12.5 %*	*11.8 %*		
Adjusted Net Income*	106,637	147,241	(40,604)	(27.6%)
Adjusted Net Earnings per Share - Basic and Diluted*	$ 1.40	$ 1.84	(0.44)	(23.9%)

*Adjusted Net Income and Adjusted Net Earnings per Share for the three and nine months ended September 30, 2024 were negatively impacted by an unusually high effective tax rate. This was driven primarily by the magnitude and pace of the depreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the nine months ended September 30, 2024 was 38.8%. Excluding these foreign exchange items, the effective tax rate would have been 31.0%, which is more reflective of a typical tax rate for the Company. Using a tax rate of 31.0%, Adjusted Net Earnings per Share would have been $0.44 for the three months ended September 30, 2024, and $1.47 for the nine months ended September 30, 2024.

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 September 30, 2024	Three months ended September 30, 2023
Net Income	$ 14,157	$ 53,744
Adjustments, after tax*	-	-
Adjusted Net Income	$ 14,157	$ 53,744

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net Income	$ 98,786	$ 151,815
Adjustments, after tax*	7,851	(4,574)
Adjusted Net Income	$ 106,637	$ 147,241

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

	Three months ended September 30, 2024	Three months ended September 30, 2023
Net Income	$ 14,157	$ 53,744
Income tax expense	33,276	14,713
Other finance income	(1,084)	(7,418)
Share of loss of equity investments	690	600
Finance expense	18,840	21,376
Adjustments, before tax*	-	-
Adjusted Operating Income	$ 65,879	$ 83,015
Depreciation of property, plant and equipment and right-of-use assets	84,904	77,837
Amortization of development costs	3,084	2,488
Loss on disposal of property, plant and equipment	262	142
Adjusted EBITDA	$ 154,129	$ 163,482

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net Income	$ 98,786	$ 151,815
Income tax expense	63,725	38,422
Other finance income	(8,140)	(7,074)
Share of loss of equity investments	2,147	2,630
Finance expense	58,501	60,108
Adjustments, before tax*	11,610	(5,273)
Adjusted Operating Income	$ 226,629	$ 240,628
Depreciation of property, plant and equipment and right-of-use assets	246,808	228,041
Amortization of development costs	8,172	7,771
Loss on disposal of property, plant and equipment	1,489	158
Adjusted EBITDA	$ 483,098	$ 476,598

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

SALES

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
North America	$ 960,256	$ 1,042,218	(81,962)	(7.9%)
Europe	250,499	302,145	(51,646)	(17.1%)
Rest of the World	33,638	42,644	(9,006)	(21.1%)
Eliminations	(6,900)	(8,069)	1,169	14.5%
Total Sales	$ 1,237,493	$ 1,378,938	(141,445)	(10.3%)

The Company’s consolidated sales for the third quarter of 2024 decreased by $141.4 million or 10.3% to $1,237.5 million as compared to $1,378.9 million for the third quarter of 2023. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the third quarter of 2024 in the Company’s North America operating segment decreased by $82.0 million or 7.9% to $960.3 million from $1,042.2 million for the third quarter of 2023. The decrease was due to a decrease in tooling sales of $47.5 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the third quarter of 2023, specifically the Ford Edge, Dodge Charger/Challenger, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain platforms, including the Jeep Grand Cherokee and Wagoneer, an engine block for Stellantis, and the Ford Mustang Mach E. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the third quarter of 2023, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year OEM production volumes on certain other light vehicle platforms, including General Motors' large pick-up truck and SUV platform, and the Ford Maverick; 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 third quarter of 2024 of $21.1 million. Overall third quarter industry-wide OEM light vehicle production volumes in North America decreased by approximately 5% year-over-year.

Sales for the third quarter of 2024 in the Company’s Europe operating segment decreased by $51.6 million or 17.1% to $250.5 million from $302.1 million for the third quarter of 2023. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, and the Mercedes' new electric vehicle platform (EVA2); programs that ended production during or subsequent to the third quarter of 2023, specifically the BMW Mini; and a decrease in tooling sales of $8.8 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including the Lucid Air, and an aluminum engine block for Jaguar Land Rover; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the third quarter of 2024 of $4.8 million. Overall third quarter industry-wide OEM light vehicle production volumes in Europe decreased by approximately 6% year-over-year.

Sales for the third quarter of 2024 in the Company’s Rest of the World operating segment decreased by $9.0 million or 21.1% to $33.6 million from $42.6 million in the third quarter of 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the third quarter of 2023, lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, and a decrease in tooling sales of $2.0 million; partially offset by the launch and ramp up of new programs, specifically the BMW 5-series in China.

Overall tooling sales decreased by $58.3 million (including outside segment sales eliminations) to $70.2 million for the third quarter of 2024 from $128.6 million for the third quarter of 2023.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
North America	$ 2,908,778	$ 3,063,277	(154,499)	(5.0%)
Europe	871,469	893,638	(22,169)	(2.5%)
Rest of the World	102,600	113,092	(10,492)	(9.3%)
Eliminations	(19,648)	(26,125)	6,477	24.8%
Total Sales	$ 3,863,199	$ 4,043,882	(180,683)	(4.5%)

The Company’s consolidated sales for the nine months ended September 30, 2024 decreased by $180.7 million or 4.5% to $3,863.2 million as compared to $4,043.9 million for the nine months ended September 30, 2023. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the nine months ended September 30, 2024 in the Company’s North America operating segment decreased by $154.5 million or 5.0% to $2,908.8 million from $3,063.3 million for the nine months ended September 30, 2023. The decrease was due generally to a decrease in tooling sales of $154.2 million which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the corresponding period of 2023, specifically the Dodge Charger/Challenger, the Ford Edge, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain platforms, including an engine block for Stellantis, the Jeep Grand Cherokee and Wagoneer, the Ford Mustang Mach E, and Mercedes' new electric vehicle platform (EVA2). These negative factors were partially offset by the launch and ramp up of new programs, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year production volumes of certain light vehicle platforms including the Ford Escape and Maverick, and General Motors' large pick-up truck and SUV platform; 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 nine months ended September 30, 2024 of $26.1 million.

Sales for the nine months ended September 30, 2024 in the Company’s Europe operating segment decreased by $22.2 million or 2.5% to $871.5 million from $893.6 million for the nine months ended September 30, 2023. The decrease was due to programs that ended production during or subsequent to the corresponding period of 2023, specifically the BMW Mini; and lower year-over-year production volumes of certain other light vehicle platforms, including the Mercedes' new electric vehicle platform (EVA2) and aluminum engine blocks for Ford and Mercedes. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including an aluminum engine block for Jaguar Land Rover; an increase in tooling sales of $21.0 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2024 of $9.9 million.

Sales for the nine months ended September 30, 2024 in the Company’s Rest of the World operating segment decreased by $10.5 million or 9.3% to $102.6 million from $113.1 million for the nine months ended September 30, 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the nine months ended September 30, 2023, and lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China; partially offset by the launch and ramp up of new programs, specifically the BMW 5-series in China, and an increase in tooling sales of $4.0 million.

Overall tooling sales decreased by $128.1 million (including outside segment sales eliminations) to $174.7 million for the nine months ended September 30, 2024 from $302.8 million for the nine months ended September 30, 2023.

GROSS MARGIN

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Gross margin	$ 163,350	$ 181,194	(17,844)	(9.8%)
% of Sales	13.2 %	13.1 %		

The gross margin percentage for the third quarter of 2024 of 13.2% increased slightly as a percentage of sales as compared to the gross margin percentage for the third quarter of 2023 of 13.1% due to:

- productivity and efficiency improvements at certain operating facilities and other improvements; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were essentially offset by:

- overall lower production sales volume and corresponding contribution;
- operational inefficiencies at certain operating facilities; and
- a negative sales mix, including additional depreciation expense from recent new program investments.

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

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Gross margin	$ 519,517	$ 522,169	(2,652)	(0.5%)
% of Sales	13.4%	12.9%		

The gross margin percentage for the nine months ended September 30, 2024 of 13.4% increased as a percentage of sales by 0.5% as compared to the gross margin percentage for the nine months ended September 30, 2023 of 12.9%. 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; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were partially offset by:

- operational inefficiencies at certain other operating facilities;
- overall lower production sales volume and corresponding contribution;
- an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; and
- a negative sales mix, including additional depreciation expense from recent new program investments.

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

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 September 30, 2024 to three months ended September 30, 2023 comparison

No adjustments were noted during the three months ended September 30, 2024 and 2023.

TABLE B

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change
NET INCOME	**$ 98,786**	**$ 151,815**	**$ (53,029)**
Adjustments:			
Restructuring costs (1)	11,610	-	11,610
Net gain on disposal of equity investments (2)	-	(5,273)	5,273
ADJUSTMENTS, BEFORE TAX	**$ 11,610**	**$ (5,273)**	**$ 16,883**
Tax impact of adjustments	(3,759)	699	(4,458)
ADJUSTMENTS, AFTER TAX	**$ 7,851**	**$ (4,574)**	**$ 12,425**
ADJUSTED NET INCOME	**$ 106,637**	**$ 147,241**	**$ (40,604)**
Number of Shares Outstanding – Basic (‘000)	76,191	79,933	
Adjusted Basic Net Earnings Per Share	$ 1.40	$ 1.84	
Number of Shares Outstanding – Diluted (‘000)	76,194	79,989	
Adjusted Diluted Net Earnings Per Share	$ 1.40	$ 1.84	

(1) Restructuring costs

Additions to the restructuring provision during the nine months ended September 30, 2024 totaled $11.6 million and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico, Canada, and the United States.

(2) Net gain on disposal of equity investments

On March 24, 2023, Martinrea sold its equity interest in VoltaXplore Inc. ("VoltaXplore) to NanoXplore Inc. ("NanoXplore") for 3,420,406 common shares of NanoXplore at $2.92 per share representing an aggregate consideration of $10.0 million. The sale transaction resulted in a gain on disposal of equity investments during the first quarter of 2023 as follows:

Gross gain (Total consideration of $10.0 million less book value of investment)	$ 6,821
Less: gain attributable to indirect retained interest	(1,548)
Net gain on disposal of equity investments	$ 5,273

Subsequent to this transaction, the Company no longer holds a direct equity interest in VoltaXplore while its equity ownership interest in NanoXplore increased from 21.1% to 22.7%.

NET INCOME

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Net Income	$ 14,157	$ 53,744	(39,587)	(73.7%)
Net Earnings per Share				
Basic and Diluted	$ 0.19	$ 0.68		

Net Income for the third quarter of 2024 decreased by $39.6 million to $14.2 million or $0.19 per share, on a basic and diluted basis, from Net Income of $53.7 million or $0.68 per share, on a basic and diluted basis, for the third quarter of 2023.

Net Income for the third quarter of 2024, as compared to the third quarter of 2023, was negatively impacted by the following:

- lower gross margin from lower year-over-year sales volume;
- a net foreign exchange gain of $1.3 million for the third quarter of 2024 compared to a gain of $7.1 million for the third quarter of 2023; and
- a higher effective tax rate (70.2% for the third quarter of 2024 compared to 21.5% for the third quarter of 2023) driven primarily by the IFRS accounting treatment of the rapid depreciation of the Mexican Peso against the U.S. dollar that does not impact cash.

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously explained; and
- a $2.5 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Net Income	$ 98,786	$ 151,815	(53,029)	(34.9%)
Adjusted Net Income	106,637	147,241	(40,604)	(27.6%)
Net Earnings per Share				
Basic and Diluted	$ 1.30	$ 1.90		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 1.40	$ 1.84		

Net Income, before adjustments, for the nine months ended September 30, 2024 decreased by $53.0 million to $98.8 million or $1.30 per share, on a basic and diluted basis, from Net Income of $151.8 million or $1.90 per share, on a basic and diluted basis, for the nine months ended September 30, 2023. Excluding the adjustments explained in Table B under “Adjustments to Net Income”, Adjusted Net Income for the nine months ended September 30, 2024 decreased by $40.6 million to $106.6 million or $1.40 per share on a basic and diluted basis, from $147.2 million or $1.84 per share on a basic and diluted basis, for the nine months ended September 30, 2023.

Adjusted Net Income for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a $3.8 million year-over-year increase in research and development costs driven generally by increased new product and process development activity;
- lower gross margin on lower year-over-year sales volume;
- a $1.5 million loss on the disposal of property, plant and equipment for the nine months ended September 30, 2024; and
- a higher effective tax rate (38.8% for the nine months ended September 30, 2024 compared to 20.4% for the nine months ended September 30, 2023) driven primarily by the IFRS accounting treatment of the rapid depreciation of the Mexican Peso against the U.S. dollar that does not impact cash.

These factors were partially offset by the following:

- a net foreign exchange gain of $8.1 million for the nine months ended September 30, 2024 compared to a gain of $6.5 million for the nine months ended September 30, 2023; and
- a $1.6 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

Adjusted Net Income and Adjusted Net Earnings per Share for the three and nine months ended September 30, 2024 were negatively impacted by an unusually high effective tax rate. This was driven primarily by the magnitude and pace of the depreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the nine months ended September 30, 2024 was 38.8%. Excluding these foreign exchange items, the effective tax rate would have been 31.0%, which is more reflective of a typical tax rate for the Company. Using a tax rate of 31.0%, Adjusted Net Earnings per Share would have been $0.44 for the three months ended September 30, 2024, and $1.47 for the nine months ended September 30, 2024.

DIVIDEND

A cash dividend of $0.05 per share has been declared by the Board of Directors payable to shareholders of record on December 31, 2024, on or about January 15, 2025.

ABOUT MARTINREA

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

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Tuesday, November 12, 2024 at 5:30 p.m. Eastern Time. To participate, please dial 416-641-6104 (Toronto area) or 800-952-5114 (toll free Canada and US) and enter participant code 1624622#. Please call 10 minutes prior to the start of the conference call.

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

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (Conference ID – 9076430#). The rebroadcast will be available until December 14, 2024 at 5:00 p.m.

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

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This Press Release and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including those related to the Company's expectations as to, or its views or beliefs in or on, the impact of, or duration of, or factors affecting, or expected response to or growth of, improvements in, expansion of and/or guidance or outlook (including for 2024) as to future results, revenue, sales, margin, gross margin, earnings, and earnings per share, adjusted earnings per share, free cash flow, volumes, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, leverage ratios, net debt to adjusted EBITDA[(1)], debt repayment, Adjusted EBITDA[(1)], improvements in interest rates, tax rates, supply constraints, inflation and labour, the growth of the Company and pursuit of, and belief in, its strategies, the strength, recovery and growth of the automotive industry and continuing challenges, capital allocation strategies, contemplated purchases under the NCIB, as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's AIF and MD&A for the year ended December 31, 2023, 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
- Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks
- Russia and Ukraine War and Hamas-Israel War
- Semiconductor Chip Shortages and Price Increases
- Inflationary Pressures
- Regional Energy Shortages
- Dependence Upon Key Customers
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions
- Competition
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders
- Material and Commodity Prices and Volatility
- Scrap Steel/Aluminum Price Volatility
- Quote/Pricing Assumptions
- Launch and Operational Costs and Cost Structure
- Fluctuations in Operating Results
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change
- 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
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges
- Labour Relations Matters
- Trade Restrictions or Disputes
- Changes in Laws and Governmental Regulations
- Environmental Regulation and Climate Change
- Litigation and Regulatory Compliance and Investigations
- Risks of Conducting Business in Foreign Countries, Including China, Brazil 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
- Potential Volatility of Share Prices
- Dividends
- Lease Obligations

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

For further information, please contact:

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MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and nine months ended September 30, 2024

The following management discussion and analysis ("MD&A") was prepared as of November 12, 2024 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 ("interim financial statements") as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2023 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 February 29, 2024 for the year ended December 31, 2023, 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 18,000 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 nine months ended September 30, 2024 and 2023. Refer to the Company's interim financial statements for the three and nine months ended September 30, 2024 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended September 30, 2024		Three months ended September 30, 2023	$ Change	% Change
Sales	$	1,237,493	$	1,378,938	(141,445)	(10.3%)
Gross Margin		163,350		181,194	(17,844)	(9.8%)
Operating Income		65,879		83,015	(17,136)	(20.6%)
Net Income for the period		14,157		53,744	(39,587)	(73.7%)
Net Earnings per Share - Basic and Diluted	$	0.19	$	0.68	(0.49)	(72.1%)
Non-IFRS Measures**						
Adjusted Operating Income	$	65,879	$	83,015	(17,136)	(20.6%)
% of Sales		*5.3 %*		*6.0 %*		
Adjusted EBITDA		154,129		163,482	(9,353)	(5.7%)
% of Sales		*12.5 %*		*11.9 %*		
Adjusted Net Income*		14,157		53,744	(39,587)	(73.7%)
Adjusted Net Earnings per Share - Basic and Diluted*	$	0.19	$	0.68	(0.49)	(72.1%)

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Sales	$ 3,863,199	$ 4,043,882	(180,683)	(4.5%)
Gross Margin	519,517	522,169	(2,652)	(0.5%)
Operating Income	215,019	240,628	(25,609)	(10.6%)
Net Income for the period	98,786	151,815	(53,029)	(34.9%)
Net Earnings per Share - Basic and Diluted	$ 1.30	$ 1.90	(0.60)	(31.6%)
Non-IFRS Measures**				
Adjusted Operating Income	$ 226,629	$ 240,628	(13,999)	(5.8%)
% of Sales	*5.9 %*	*6.0 %*		
Adjusted EBITDA	483,098	476,598	6,500	1.4%
% of Sales	*12.5 %*	*11.8 %*		
Adjusted Net Income*	106,637	147,241	(40,604)	(27.6%)
Adjusted Net Earnings per Share - Basic and Diluted*	$ 1.40	$ 1.84	(0.44)	(23.9%)

*Adjusted Net Income and Adjusted Net Earnings per Share for the three and nine months ended September 30, 2024 were negatively impacted by an unusually high effective tax rate. This was driven primarily by the magnitude and pace of the depreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the nine months ended September 30, 2024 was 38.8%. Excluding these foreign exchange items, the effective tax rate would have been 31.0%, which is more reflective of a typical tax rate for the Company. Using a tax rate of 31.0%, Adjusted Net Earnings per Share would have been $0.44 for the three months ended September 30, 2024, and $1.47 for the nine months ended September 30, 2024.

****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 September 30, 2024	Three months ended September 30, 2023
Net Income	$ 14,157	$ 53,744
Adjustments, after tax*	-	-
Adjusted Net Income	$ 14,157	$ 53,744

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net Income	$ 98,786	$ 151,815
Adjustments, after tax*	7,851	(4,574)
Adjusted Net Income	$ 106,637	$ 147,241

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

		Three months ended September 30, 2024		Three months ended September 30, 2023
Net Income	$	14,157	$	53,744
Income tax expense		33,276		14,713
Other finance income		(1,084)		(7,418)
Share of loss of equity investments		690		600
Finance expense		18,840		21,376
Adjustments, before tax*		-		-
Adjusted Operating Income	$	65,879	$	83,015
Depreciation of property, plant and equipment and right-of-use assets		84,904		77,837
Amortization of development costs		3,084		2,488
Loss on disposal of property, plant and equipment		262		142
Adjusted EBITDA	$	154,129	$	163,482

		Nine months ended September 30, 2024		Nine months ended September 30, 2023
Net Income	$	98,786	$	151,815
Income tax expense		63,725		38,422
Other finance income		(8,140)		(7,074)
Share of loss of equity investments		2,147		2,630
Finance expense		58,501		60,108
Adjustments, before tax*		11,610		(5,273)
Adjusted Operating Income	$	226,629	$	240,628
Depreciation of property, plant and equipment and right-of-use assets		246,808		228,041
Amortization of development costs		8,172		7,771
Loss on disposal of property, plant and equipment		1,489		158
Adjusted EBITDA	$	483,098	$	476,598

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

SALES

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

		Three months ended September 30, 2024		Three months ended September 30, 2023	$ Change	% Change
North America	$	960,256	$	1,042,218	(81,962)	(7.9%)
Europe		250,499		302,145	(51,646)	(17.1%)
Rest of the World		33,638		42,644	(9,006)	(21.1%)
Eliminations		(6,900)		(8,069)	1,169	14.5%
Total Sales	$	1,237,493	$	1,378,938	(141,445)	(10.3%)

The Company's consolidated sales for the third quarter of 2024 decreased by $141.4 million or 10.3% to $1,237.5 million as compared to $1,378.9 million for the third quarter of 2023. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the third quarter of 2024 in the Company's North America operating segment decreased by $82.0 million or 7.9% to $960.3 million from $1,042.2 million for the third quarter of 2023. The decrease was due to a decrease in tooling sales of $47.5 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the third quarter of 2023, specifically the Ford Edge, Dodge Charger/Challenger, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain platforms, including the Jeep Grand Cherokee and Wagoneer, an engine block for Stellantis, and the Ford Mustang Mach E. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the third quarter of 2023, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year OEM production volumes on certain other light vehicle platforms, including General Motors' large pick-up truck and SUV platform, and the Ford Maverick; 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 third quarter of 2024 of $21.1 million. Overall third quarter industry-wide OEM light vehicle production volumes in North America decreased by approximately 5% year-over-year.

Sales for the third quarter of 2024 in the Company’s Europe operating segment decreased by $51.6 million or 17.1% to $250.5 million from $302.1 million for the third quarter of 2023. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Ford and Mercedes, and the Mercedes' new electric vehicle platform (EVA2); programs that ended production during or subsequent to the third quarter of 2023, specifically the BMW Mini; and a decrease in tooling sales of $8.8 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including the Lucid Air, and an aluminum engine block for Jaguar Land Rover; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the third quarter of 2024 of $4.8 million. Overall third quarter industry-wide OEM light vehicle production volumes in Europe decreased by approximately 6% year-over-year.

Sales for the third quarter of 2024 in the Company’s Rest of the World operating segment decreased by $9.0 million or 21.1% to $33.6 million from $42.6 million in the third quarter of 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the third quarter of 2023, lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, and a decrease in tooling sales of $2.0 million; partially offset by the launch and ramp up of new programs, specifically the BMW 5-series in China.

Overall tooling sales decreased by $58.3 million (including outside segment sales eliminations) to $70.2 million for the third quarter of 2024 from $128.6 million for the third quarter of 2023.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
North America	$ 2,908,778	$ 3,063,277	(154,499)	(5.0%)
Europe	871,469	893,638	(22,169)	(2.5%)
Rest of the World	102,600	113,092	(10,492)	(9.3%)
Eliminations	(19,648)	(26,125)	6,477	24.8%
Total Sales	$ 3,863,199	$ 4,043,882	(180,683)	(4.5%)

The Company’s consolidated sales for the nine months ended September 30, 2024 decreased by $180.7 million or 4.5% to $3,863.2 million as compared to $4,043.9 million for the nine months ended September 30, 2023. The total decrease in sales was driven by year-over-year decreases across all operating segments.

Sales for the nine months ended September 30, 2024 in the Company’s North America operating segment decreased by $154.5 million or 5.0% to $2,908.8 million from $3,063.3 million for the nine months ended September 30, 2023. The decrease was due generally to a decrease in tooling sales of $154.2 million which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the corresponding period of 2023, specifically the Dodge Charger/Challenger, the Ford Edge, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain platforms, including an engine block for Stellantis, the Jeep Grand Cherokee and Wagoneer, the Ford Mustang Mach E, and Mercedes' new electric vehicle platform (EVA2). These negative factors were partially offset by the launch and ramp up of new programs, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year production volumes of certain light vehicle platforms including the Ford Escape and Maverick, and General Motors' large pick-up truck and SUV platform; 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 nine months ended September 30, 2024 of $26.1 million.

Sales for the nine months ended September 30, 2024 in the Company’s Europe operating segment decreased by $22.2 million or 2.5% to $871.5 million from $893.6 million for the nine months ended September 30, 2023. The decrease was due to programs that ended production during or subsequent to the corresponding period of 2023, specifically the BMW Mini; and lower year-over-year production volumes of certain other light vehicle platforms, including the Mercedes' new electric vehicle platform (EVA2) and aluminum engine blocks for Ford and Mercedes. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including an aluminum engine block for Jaguar Land Rover; an increase in tooling sales of $21.0 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2024 of $9.9 million.

Sales for the nine months ended September 30, 2024 in the Company's Rest of the World operating segment decreased by $10.5 million or 9.3% to $102.6 million from $113.1 million for the nine months ended September 30, 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the nine months ended September 30, 2023, and lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China; partially offset by the launch and ramp up of new programs, specifically the BMW 5-series in China, and an increase in tooling sales of $4.0 million.

Overall tooling sales decreased by $128.1 million (including outside segment sales eliminations) to $174.7 million for the nine months ended September 30, 2024 from $302.8 million for the nine months ended September 30, 2023.

GROSS MARGIN

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Gross margin	$ 163,350	$ 181,194	(17,844)	(9.8%)
% of Sales	13.2 %	13.1 %		

The gross margin percentage for the third quarter of 2024 of 13.2% increased slightly as a percentage of sales as compared to the gross margin percentage for the third quarter of 2023 of 13.1% due to;

- productivity and efficiency improvements at certain operating facilities and other improvements; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were essentially offset by:

- overall lower production sales volume and corresponding contribution;
- operational inefficiencies at certain operating facilities; and
- a negative sales mix, including additional depreciation expense from recent new program investments.

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

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Gross margin	$ 519,517	$ 522,169	(2,652)	(0.5%)
% of Sales	13.4%	12.9%		

The gross margin percentage for the nine months ended September 30, 2024 of 13.4% increased as a percentage of sales by 0.5% as compared to the gross margin percentage for the nine months ended September 30, 2023 of 12.9%. 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; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were partially offset by:

- operational inefficiencies at certain other operating facilities;

- overall lower production sales volume and corresponding contribution;
- an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; and
- a negative sales mix, including additional depreciation expense from recent new program investments.

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 September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Selling, general & administrative	$ 82,384	$ 83,990	(1,606)	(1.9%)
% of Sales	6.7 %	6.1 %		

SG&A expense for the third quarter of 2024 decreased by $1.6 million to $82.4 million as compared to SG&A expense for the third quarter of 2023 of $84.0 million. The decrease in SG&A expense can largely be attributed to decreases in outbound freight costs, and travel costs; partially offset by an increase in overall variable compensation expense, including equity-based compensation expense related to deferred, restricted, and performance share units.

SG&A expense as a percentage of sales increased to 6.7% for the third quarter of 2024 compared to 6.1% for the third quarter of 2023 due to lower year-over-year sales.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Selling, general & administrative	$ 247,132	$ 239,962	7,170	3.0%
% of Sales	6.4%	5.9%		

SG&A expense for the nine months ended September 30, 2024 increased by $7.2 million to $247.1 million as compared to SG&A expense for the nine months ended September 30, 2023 of $240.0 million. The increase in SG&A expense can largely be attributed to overall higher employee costs as compared to the corresponding period of 2023 and higher year-over-year professional services fees; partially offset by a decrease in the fair value of equity-based compensation expense related to deferred, restricted, and performance share units, and a decrease in outbound freight costs.

SG&A expense as a percentage of sales increased to 6.4% for the nine months ended September 30, 2024 compared to 5.9% for the nine months ended September 30, 2023 due to the reasons noted above, on 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 September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 80,931	$ 73,418	7,513	10.2%
Depreciation of PP&E and right-of-use assets (non-production)	3,973	4,419	(446)	(10.1%)
Amortization of development costs	3,084	2,488	596	24.0%
Total depreciation and amortization	$ 87,988	$ 80,325	7,663	9.5%

Total depreciation and amortization expense for the third quarter of 2024 increased by $7.7 million to $88.0 million as compared to $80.3 million for the third quarter of 2023. The increase in depreciation and amortization expense was primarily due to additional depreciation on a larger PP&E asset base relating to new and replacement business that commenced during or subsequent to the third quarter of 2023.

A significant portion of the Company's recent investments relates to various new programs that commenced during or subsequent to the third quarter of 2023 and new and replacement programs scheduled to launch over the next two to three years in all of the Company's various product offerings. The Company continues to make significant investments in its operations in light of its backlog of business and global footprint.

Total depreciation and amortization expense as a percentage of sales increased year-over-over to 7.1% for the third quarter of 2024 from 5.8% for the third quarter of 2023 due mainly to the increased asset base, as noted above, and lower overall sales volume.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 234,578	$ 214,877	19,701	9.2%
Depreciation of PP&E and right-of-use assets (non-production)	12,230	13,164	(934)	(7.1%)
Amortization of development costs	8,172	7,771	401	5.2%
Total depreciation and amortization	$ 254,980	$ 235,812	19,168	8.1%

Total depreciation and amortization expense for the nine months ended September 30, 2024 increased by $19.2 million to $255.0 million as compared to $235.8 million for the nine months ended September 30, 2023. The increase in depreciation and amortization expense was primarily due to additional depreciation on a larger PP&E asset base relating to new and replacement business that commenced during or subsequent to the nine months ended September 30, 2023.

Total depreciation and amortization expense as a percentage of sales increased year-over-year to 6.6% for the nine months ended September 30, 2024 from 5.8% for the nine months ended September 30, 2023 due mainly to the increased asset base, as noted above, and 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 September 30, 2024 to three months ended September 30, 2023 comparison

No adjustments were noted during the three months ended September 30, 2024 and 2023.

TABLE B

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

		Nine months ended September 30, 2024		Nine months ended September 30, 2023		$ Change
NET INCOME	**$**	**98,786**	**$**	**151,815**	**$**	**(53,029)**
Adjustments:						
Restructuring costs (1)		11,610		-		11,610
Net gain on disposal of equity investments (2)		-		(5,273)		5,273
ADJUSTMENTS, BEFORE TAX	**$**	**11,610**	**$**	**(5,273)**	**$**	**16,883**
Tax impact of adjustments		(3,759)		699		(4,458)
ADJUSTMENTS, AFTER TAX	**$**	**7,851**	**$**	**(4,574)**	**$**	**12,425**
ADJUSTED NET INCOME	**$**	**106,637**	**$**	**147,241**	**$**	**(40,604)**
Number of Shares Outstanding – Basic (‘000)		76,191		79,933		
Adjusted Basic Net Earnings Per Share	$	1.40	$	1.84		
Number of Shares Outstanding – Diluted (‘000)		76,194		79,989		
Adjusted Diluted Net Earnings Per Share	$	1.40	$	1.84		

(1) Restructuring costs

Additions to the restructuring provision during the nine months ended September 30, 2024 totaled $11.6 million and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico, Canada, and the United States.

(2) Net gain on disposal of equity investments

On March 24, 2023, Martinrea sold its equity interest in VoltaXplore Inc. ("VoltaXplore) to NanoXplore Inc. ("NanoXplore") for 3,420,406 common shares of NanoXplore at $2.92 per share representing an aggregate consideration of $10.0 million. The sale transaction resulted in a gain on disposal of equity investments during the first quarter of 2023 as follows:

Gross gain (Total consideration of $10.0 million less book value of investment)	$	6,821
Less: gain attributable to indirect retained interest		(1,548)
Net gain on disposal of equity investments	$	5,273

Subsequent to this transaction, the Company no longer holds a direct equity interest in VoltaXplore while its equity ownership interest in NanoXplore increased from 21.1% to 22.7%.

NET INCOME

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

		Three months ended September 30, 2024		Three months ended September 30, 2023	$ Change	% Change
Net Income	$	14,157	$	53,744	(39,587)	(73.7%)
Net Earnings per Share						
Basic and Diluted	$	0.19	$	0.68		

Net Income for the third quarter of 2024 decreased by $39.6 million to $14.2 million or $0.19 per share, on a basic and diluted basis, from Net Income of $53.7 million or $0.68 per share, on a basic and diluted basis, for the third quarter of 2023.

Net Income for the third quarter of 2024, as compared to the third quarter of 2023, was negatively impacted by the following:

- lower gross margin from lower year-over-year sales volume;
- a net foreign exchange gain of $1.3 million for the third quarter of 2024 compared to a gain of $7.1 million for the third quarter of 2023; and
- a higher effective tax rate (70.2% for the third quarter of 2024 compared to 21.5% for the third quarter of 2023) driven primarily by the IFRS accounting treatment of the rapid depreciation of the Mexican Peso against the U.S. dollar that does not impact cash.

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously explained; and
- a $2.5 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Net Income	$ 98,786	$ 151,815	(53,029)	(34.9%)
Adjusted Net Income	106,637	147,241	(40,604)	(27.6%)
Net Earnings per Share				
Basic and Diluted	$ 1.30	$ 1.90		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 1.40	$ 1.84		

Net Income, before adjustments, for the nine months ended September 30, 2024 decreased by $53.0 million to $98.8 million or $1.30 per share, on a basic and diluted basis, from Net Income of $151.8 million or $1.90 per share, on a basic and diluted basis, for the nine months ended September 30, 2023. Excluding the adjustments explained in Table B under "Adjustments to Net Income", Adjusted Net Income for the nine months ended September 30, 2024 decreased by $40.6 million to $106.6 million or $1.40 per share on a basic and diluted basis, from $147.2 million or $1.84 per share on a basic and diluted basis, for the nine months ended September 30, 2023.

Adjusted Net Income for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a $3.8 million year-over-year increase in research and development costs driven generally by increased new product and process development activity;
- lower gross margin on lower year-over-year sales volume;
- a $1.5 million loss on the disposal of property, plant and equipment for the nine months ended September 30, 2024; and
- a higher effective tax rate (38.8% for the nine months ended September 30, 2024 compared to 20.4% for the nine months ended September 30, 2023) driven primarily by the IFRS accounting treatment of the rapid depreciation of the Mexican Peso against the U.S. dollar that does not impact cash.

These factors were partially offset by the following:

- a net foreign exchange gain of $8.1 million for the nine months ended September 30, 2024 compared to a gain of $6.5 million for the nine months ended September 30, 2023; and
- a $1.6 million year-over-year decrease in finance expense as a result of lower borrowing rates on the Company's revolving bank debt.

Adjusted Net Income and Adjusted Net Earnings per Share for the three and nine months ended September 30, 2024 were negatively impacted by an unusually high effective tax rate. This was driven primarily by the magnitude and pace of the depreciation of the Mexican Peso against the U.S. dollar, which is the functional currency of the Company's Mexican operations. In situations where the local and functional currencies differ, IFRS, contrary to US GAAP, requires the tax value of assets and liabilities denominated in local currency to be revalued to the operations' functional currency at the reporting date, with the related foreign exchange movements impacting the tax expense for the period. These foreign exchange movements are non-cash in nature, do not impact cash taxes and tend to balance out over time. Including this, and other foreign exchange related items, the effective tax rate for the nine months ended September 30, 2024 was 38.8%. Excluding these foreign exchange items, the effective tax rate would have been 31.0%, which is more reflective of a typical tax rate for the Company. Using a tax rate of 31.0%, Adjusted Net Earnings per Share would have been $0.44 for the three months ended September 30, 2024, and $1.47 for the nine months ended September 30, 2024.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended September 30, 2024 to three months ended September 30, 2023 comparison

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Additions to PP&E	$ 73,375	$ 53,756	19,619	36.5%

Additions to PP&E increased by $19.6 million to $73.4 million or 5.9% of sales for the third quarter of 2024 as compared to $53.8 million or 3.9% of sales in the third quarter of 2023.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Additions to PP&E	$ 172,595	$ 195,209	(22,614)	(11.6%)

Additions to PP&E decreased by $22.6 million to $172.6 million or 4.5% of sales for the nine months ended September 30, 2024 compared to $195.2 million or 4.8% of sales for the nine months ended September 30, 2023.

General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the three and nine months ended September 30, 2024 and 2023 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 September 30, 2024 to three months ended September 30, 2023 comparison

	SALES		OPERATING INCOME (LOSS)	
	Three months ended September 30, 2024	Three months ended September 30, 2023	Three months ended September 30, 2024	Three months ended September 30, 2023
North America	$ 960,256	$ 1,042,218	$ 65,273	$ 68,076
Europe	250,499	302,145	625	10,193
Rest of the World	33,638	42,644	(19)	4,746
Eliminations	(6,900)	(8,069)	-	-
Total	$ 1,237,493	$ 1,378,938	$ 65,879	$ 83,015

North America

Operating Income in North America decreased by $2.8 million to $65.3 million or 6.8% of sales for the third quarter of 2024 from $68.1 million or 6.5% of sales for the third quarter of 2023. The increase in Operating Income as a percentage of sales was generally due to a decrease in tooling sales, which typically earn low margin for the Company; higher year-over-year favourable commercial settlements; and productivity and efficiency improvements at certain operating facilities and other improvements. These positive factors were partially offset by the negative impact on margins from lower year-over-year production sales; operational inefficiencies at certain other operating facilities; higher SG&A expense as a percentage of sales; and a negative sales mix, including additional depreciation expense from recent new program investments.

Europe

Operating Income in Europe decreased by $9.6 million to $0.6 million or 0.2% of sales for the third quarter of 2024 from $10.2 million or 3.4% of sales for the third quarter of 2023. The decrease in Operating Income was generally due to the negative impact on margins from lower year-over-year production sales, and lower favourable commercial settlements; partially offset by productivity and efficiency improvements at certain other operating facilities and other improvements.

Rest of the World

Operating Income (Loss) in the Rest of the World decreased by $4.8 million to essentially breakeven for the third quarter of 2024 from income of $4.7 million or 11.1% of sales for the third quarter of 2023 due to the negative impact on margins from lower year-over-year production sales, and lower favourable commercial settlements.

Nine months ended September 30, 2024 to nine months ended September 30, 2023 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
North America	$ 2,908,778	$ 3,063,277	$ 201,576	$ 222,979
Europe	871,469	893,638	25,607	10,712
Rest of the World	102,600	113,092	(554)	6,937
Eliminations	(19,648)	(26,125)	-	-
Adjusted Operating Income			$ 226,629	$ 240,628
Adjustments*	-	-	(11,610)	-
Total	$ 3,863,199	$ 4,043,882	$ 215,019	$ 240,628

**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 $11.6 million adjustment for the nine months ended September 30, 2024, $6.6 million was recognized in North America and $5.0 million in Europe.*

North America

Adjusted Operating Income in North America decreased by $21.4 million to $201.6 million or 6.9% of sales for the nine months ended September 30, 2024 from $223.0 million or 7.3% of sales for the nine months ended September 30, 2023. The decrease in Adjusted Operating Income as a percentage of sales was generally due to operational inefficiencies at certain operating facilities; an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; higher SG&A expense as a percentage of sales; lower year-over-year favourable commercial settlements; and a negative sales mix, including additional depreciation expense from recent new program investments. These negative factors were partially offset by productivity and efficiency improvements at certain other operating facilities and other improvements, and a decrease in tooling sales, which typically earn low margin for the Company.

Europe

Adjusted Operating Income in Europe increased by $14.9 million to $25.6 million or 2.9% of sales for the nine months ended September 30, 2024 from $10.7 million or 1.2% of sales for the nine months ended September 30, 2023. The increase in Adjusted Operating Income was generally due to higher year-over-year favourable commercial settlements, contribution from certain tooling sales, and productivity and efficiency improvements at certain operating facilities and other improvements; partially offset by the negative impact on margins from lower year-over-year production sales.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World decreased by $7.5 million to loss of $0.6 million or (0.5%) of sales for the nine months ended September 30, 2024 from income of $6.9 million or 6.1% of sales for the nine months ended September 30, 2023, due to the negative impact on margins from lower year-over-year production sales, costs related to the ramp-up of new business with BMW, and favourable settlements on indirect tax matters which positively impacted prior year operating income; partially offset by favourable commercial settlements and other improvements.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2024			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	$1,237,493	$1,301,793	$1,323,913	$1,296,121	$1,378,938	$1,361,055	$1,303,889	$1,294,592
Gross Margin	163,350	183,630	172,537	153,228	181,194	173,589	167,386	158,504
Operating Income	65,879	76,208	72,932	28,486	83,015	82,436	75,177	70,560
Adjusted Operating Income	65,879	81,563	79,187	56,647	83,015	82,436	75,177	70,560
Net Income for the period	14,157	40,979	43,650	1,850	53,744	49,900	48,171	46,227
Adjusted Net Income	14,157	44,383	48,097	29,251	53,744	49,900	43,597	46,227
Basic and Diluted Net Earnings per Share	0.19	0.54	0.56	0.02	0.68	0.62	0.60	0.58
Adjusted Basic and Diluted Net Earnings per Share	0.19	0.58	0.62	0.37	0.68	0.62	0.54	0.58

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 September 30, 2024, $48.7 million (US $36.0 million) of receivables were sold under the program, of which $13.6 million (US $10.1 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 September 30, 2024, the Company had drawn US $421 million (December 31, 2023 - US $401 million) on the U.S. revolving credit line, $160 million (December 31, 2023 - $410 million) on the Canadian revolving credit line, and $250 million (December 31, 2023 - $nil) on the Canadian non-amortizing term loan. As at September 30, 2024, the Company had total liquidity of $496 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 $279 million was available as at September 30, 2024. At September 30, 2024, the weighted average effective interest rate of the banking facility was 6.5% (December 31, 2023 - 7.1%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at September 30, 2024.

On May 23, 2024, the Company finalized an eleven-year equipment loan with total borrowing capacity of €1.1 million ($1.6 million), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 3.72%.

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:	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**
Long-term debt	$ 997,353	$ 1,033,586	$ 1,030,194	$ 969,236	$ 1,067,973
Less: Cash and cash equivalents	(177,267)	(181,438)	(173,694)	(186,804)	(178,725)
Net Debt	$ 820,086	$ 852,148	$ 856,500	$ 782,432	$ 889,248
Trailing 12-month Adjusted EBITDA	$ 560,648	$ 571,185	$ 567,250	$ 558,224	$ 569,709
Net Debt to Adjusted EBITDA ratio	1.46x	1.49x	1.51x	1.40x	1.56x

Including the impact of IFRS 16:	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**
Long-term debt	$ 997,353	$ 1,033,586	$ 1,030,194	$ 969,236	$ 1,067,973
Lease liabilities	244,410	252,211	252,485	258,976	267,530
	1,241,763	1,285,797	1,282,679	1,228,212	1,335,503
Less: Cash and cash equivalents	(177,267)	(181,438)	(173,694)	(186,804)	(178,725)
Net Debt	$ 1,064,496	$ 1,104,359	$ 1,108,985	$ 1,041,408	$ 1,156,778
Trailing 12-month Adjusted EBITDA	$ 623,178	$ 632,531	$ 627,004	$ 616,678	$ 625,588
Net Debt to Adjusted EBITDA ratio	1.71x	1.75x	1.77x	1.69x	1.85x

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.

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	$ 623,178	$ 632,531	$ 627,004	$ 616,678	$ 625,588
Principal payments of lease liabilities	(51,324)	(50,073)	(48,574)	(47,204)	(45,095)
Interest on lease liabilities	(11,206)	(11,273)	(11,180)	(11,250)	(10,784)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	$ 560,648	$ 571,185	$ 567,250	$ 558,224	$ 569,709

The Company's Net Debt (excluding the impact of IFRS 16) decreased by $32.1 million during the third quarter of 2024 to $820.1 million from $852.1 million at the end of the second quarter of 2024 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 $3.2 million, $9.5 million in share repurchases, and $3.7 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 1.46x from 1.49x at the end of the second quarter of 2024.

The Company was in compliance with its debt covenants as at September 30, 2024. 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 September 30, 2024	Three months ended September 30, 2023	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 153,849	$ 173,629	(19,780)	(11.4%)
Change in non-cash working capital items	1,728	15,692	(13,964)	(89.0%)
	155,577	189,321	(33,744)	(17.8%)
Interest paid	(21,839)	(25,278)	3,439	13.6%
Income taxes paid	(1,849)	(10,839)	8,990	82.9%
Cash provided by operating activities	131,889	153,204	(21,315)	(13.9%)
Cash used in financing activities	(56,733)	(57,536)	803	1.4%
Cash used in investing activities	(78,149)	(63,825)	(14,324)	(22.4%)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,178)	1,127	(2,305)	(204.5%)
Increase (Decrease) in cash and cash equivalents	$ (4,171)	$ 32,970	(37,141)	(112.7%)

Cash provided by operating activities during the third quarter of 2024 was $131.9 million, compared to $153.2 million in the corresponding period of 2023. The components for the third quarter of 2024 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $153.8 million;
- working capital items source of cash of $1.7 million comprised of a decrease in inventories of $12.1 million; partially offset by a decrease in trade, other payables and provisions of $5.5 million, an increase in trade and other receivables of $2.7 million, and an increase in prepaid expenses and deposits of $2.2 million;
- interest paid of $21.8 million; and
- income taxes paid of $1.8 million.

Cash used in financing activities during the third quarter of 2024 was $56.7 million, compared to $57.5 million in the corresponding period of 2023. The components for the third quarter of 2024 primarily include the following:

- a $30.4 million net decrease in long-term debt;
- principal payments of lease liabilities of $13.1 million;
- repurchase of common shares under the normal course issuer bid (as described in note 11 of the interim financial statements) of $9.5 million; and
- $3.7 million in dividends paid.

Cash used in investing activities during the third quarter of 2024 was $78.1 million, compared to $63.8 million in the corresponding period of 2023. The components for the third quarter of 2024 primarily include the following:

- cash additions to PP&E of $80.8 million; and
- capitalized development costs relating to upcoming new program launches of $1.5 million; partially offset by
- proceeds from the disposal of PP&E of $4.1 million.

Taking into account the opening cash balance of $181.4 million at the beginning of the third quarter of 2024, and the activities described above, the cash and cash equivalents balance at September 30, 2024 was $177.3 million.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 485,148	$ 493,924	(8,776)	(1.8%)
Change in non-cash working capital items	(90,032)	(28,432)	(61,600)	(216.7%)
	395,116	465,492	(70,376)	(15.1%)
Interest paid	(65,306)	(73,041)	7,735	10.6%
Income taxes paid	(50,533)	(74,622)	24,089	32.3%
Cash provided by operating activities	279,277	317,829	(38,552)	(12.1%)
Cash used in financing activities	(86,516)	(71,485)	(15,031)	(21.0%)
Cash used in investing activities	(199,101)	(228,496)	29,395	12.9%
Effect of foreign exchange rate changes on cash and cash equivalents	(3,197)	(778)	(2,419)	(310.9%)
Increase (Decrease) in cash and cash equivalents	$ (9,537)	$ 17,070	(26,607)	(155.9%)

Cash provided by operating activities during the nine months ended September 30, 2024 was $279.3 million, compared to $317.8 million in the corresponding period of 2023. The components for the nine months ended September 30, 2024 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $485.1 million;
- working capital use of cash of $90.0 million comprised of an increase in trade and other receivables of $87.6 million, a decrease in trade, other payables and provisions of $17.1 million, and an increase in prepaid expenses and deposits of $1.2 million; partially offset by a decrease in inventories of $15.9 million;
- interest paid of $65.3 million; and
- income taxes paid of $50.5 million.

Cash used in financing activities during the nine months ended September 30, 2024 was $86.5 million, compared to $71.5 million in the corresponding period of 2023. The components for the nine months ended September 30, 2024 primarily include the following:

- repurchase of common shares under the normal course issuer bid (as described in note 11 of the interim financial statements) of $49.4 million;
- principal payments of lease liabilities of $38.9 million; and
- $11.5 million in dividends paid; partially offset by
- a $12.9 million net increase in long-term debt.

Cash used in investing activities during the nine months ended September 30, 2024 was $199.1 million, compared to $228.5 million in the corresponding period of 2023. The components for the nine months ended September 30, 2024 primarily include the following:

- cash additions to PP&E of $191.7 million;
- an additional investment in Equispheres Inc. ("Equispheres") of $8.0 million; and
- capitalized development costs relating to upcoming new program launches of $4.6 million; partially offset by
- proceeds from the disposal of PP&E of $5.3 million.

Taking into account the opening cash balance of $186.8 million at the beginning of 2024, and the activities described above, the cash and cash equivalents balance at September 30, 2024 was $177.3 million.

Free Cash Flow

	Three months ended September 30, 2024	Three months ended September 30, 2023	$ Change
Adjusted EBITDA	$ 154,129	$ 163,482	(9,353)
Add (deduct):			
Change in non-cash working capital items	1,728	15,692	(13,964)
Remove impact of restructuring provision*	3,007	1,234	1,773
Purchase of property, plant and equipment (excluding capitalized interest)	(80,814)	(62,444)	(18,370)
Cash proceeds on disposal of property, plant and equipment	4,122	16	4,106
Capitalized development costs	(1,457)	(1,397)	(60)
Interest paid	(21,839)	(25,278)	3,439
Income taxes paid	(1,849)	(10,839)	8,990
Free Cash Flow*	57,027	80,466	(23,439)
Principal payments of IFRS 16 lease liabilities	(13,096)	(11,845)	(1,251)
Free Cash Flow (after IFRS 16 lease payments)	$ 43,931	$ 68,621	(24,690)

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

Free cash flow for the third quarter of 2024 decreased year-over-year due largely to an increase in cash purchases of property, plant and equipment, a decrease in cash provided by non-cash working capital, net of the change in the restructuring provision which is included in working capital, and lower Adjusted EBITDA; partially offset by lower income taxes paid, higher cash proceeds on disposal of property, plant and equipment, and lower interest paid on long-term debt.

Tooling-related working capital accounts, including inventory, trade and other receivables, and trade and other payables on a net basis, amounted to ($5.6) million as at September 30, 2024, a decrease from $21.6 million as at June 30, 2024 and $3.7 million as at September 30, 2023.

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 September 30, 2024 and 2023:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Cash provided by operating activities	$ 131,889	$ 153,204
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(80,814)	(62,444)
Cash proceeds on disposal of property, plant and equipment	4,122	16
Capitalized development costs	(1,457)	(1,397)
Remove impact of restructuring provision*	3,007	1,234
Unrealized gain (loss) on foreign exchange contracts	4,382	(298)
Deferred and restricted share units expense	(2,893)	(2,294)
Stock options expense	(43)	(110)
Pension and other post-employment benefits expense	(571)	(693)
Contributions made to pension and other post-retirement benefits	489	666
Net unrealized foreign exchange gain and other income	(1,084)	(7,418)
Free Cash Flow*	57,027	80,466
Principal payments of IFRS 16 lease liabilities	(13,096)	(11,845)
Free Cash Flow (after IFRS 16 lease payments)	$ 43,931	$ 68,621

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	$ Change
Adjusted EBITDA	$ 483,098	$ 476,598	6,500
Add (deduct):			
Change in non-cash working capital items	(90,032)	(28,432)	(61,600)
Remove impact of restructuring provision*	21,103	2,496	18,607
Purchase of property, plant and equipment (excluding capitalized interest)	(191,681)	(222,300)	30,619
Cash proceeds on disposal of property, plant and equipment	5,311	402	4,909
Capitalized development costs	(4,601)	(5,598)	997
Interest paid	(65,306)	(73,041)	7,735
Income taxes paid	(50,533)	(74,622)	24,089
Free Cash Flow*	107,359	75,503	31,856
Principal payments of IFRS 16 lease liabilities	(38,852)	(34,732)	(4,120)
Free Cash Flow (after IFRS 16 lease payments)	$ 68,507	$ 40,771	27,736

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

Free cash flow for the nine months ended September 30, 2024 increased year-over-year due largely to a decrease in cash purchases of property, plant and equipment, lower income taxes paid, lower interest paid on long-term debt, higher Adjusted EBITDA, and higher cash proceeds on disposal of property, plant and equipment; partially offset by an increase in cash used in non-cash working capital, net of the change in the restructuring provision which is included in working capital.

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 nine months ended September 30, 2024 and 2023:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Cash provided by operating activities	$ 279,277	$ 317,829
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(191,681)	(222,300)
Cash proceeds on disposal of property, plant and equipment	5,311	402
Capitalized development costs	(4,601)	(5,598)
Restructuring costs	11,610	-
Remove impact of restructuring provision*	21,103	2,496
Unrealized gain (loss) on foreign exchange contracts	913	(215)
Deferred and restricted share units expense	(6,261)	(9,505)
Stock options expense	(127)	(331)
Pension and other post-employment benefit expense	(1,702)	(2,087)
Contributions made to pension and other post-retirement benefits	1,657	1,886
Net unrealized foreign exchange gain and other income	(8,140)	(7,074)
Free Cash Flow*	107,359	75,503
Principal payments of IFRS 16 lease liabilities	(38,852)	(34,732)
Free Cash Flow (after IFRS 16 lease payments)	$ 68,507	$ 40,771

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

RISKS AND UNCERTAINTIES

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

Inflation and interest rates

The Company continues to experience higher material, energy, and other input costs, in some areas of the business, which are expected to persist in 2024. Additionally, the Company may continue to experience price increases or surcharges from sub-suppliers in connection with the inflationary pressures they face. The inability to offset inflationary price increases through continuous improvement actions, price increases to customers, modifications to products, or otherwise, could have an adverse effect on earnings.

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

Supply chain issues

While the Company has experienced a recovery in overall production volumes and an improvement in the stability of production, supply chain disruptions continue to have a negative impact on the automotive supply chain and OEM light vehicle production globally. Although much improved since the beginning of the year, 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.

Russia-Ukraine and Israel-Hamas conflicts

Although the Company does not have any operations in Russia, Ukraine or in the Middle East, these ongoing conflicts create or exacerbate a broad range of risks, including with respect to global economic growth, global vehicle production volumes, inflationary pressures, including in energy, commodities and transportation/logistics, energy security, and supply chain fragility.

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 November 12, 2024, the Company had 73,987,848 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at November 12, 2024, options to acquire 2,245,000 common shares were outstanding.

On March 29, 2023, the Toronto Stock Exchange ("TSX") accepted a notice of intention of the Company to make a normal course issuer bid ("NCIB") permitting the Company to purchase for cancellation up to 5 million common shares over a 12-month period ending on or about April 3, 2024.

During 2023, after the commencement of the NCIB, the Company purchased for cancellation an aggregate of 2,270,655 common shares for an aggregate purchase price of $29.1 million resulting in a reduction to stated capital of $18.7 million and a decrease to retained earnings of $10.3 million. The shares were purchased and cancelled directly under the NCIB.

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 the nine months ended September 30, 2024, the Company purchased for cancellation an aggregate of 4,178,592 common shares for an aggregate purchase price of $50.4 million resulting in a reduction to stated capital of $34.5 million and a decrease to retained earnings of $15.9 million. The shares were purchased and cancelled directly under the NCIB.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET FINANCING

During the nine months ended September 30, 2024, 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, 2023.

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 September 30, 2024, the amount of the off-balance sheet program financing was $22.0 million (December 31, 2023 - $16.5 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 September 30, 2024, 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	$	70,110	$	19.9687	1

The aggregate value of these forward contracts as at September 30, 2024 was a pre-tax gain of $0.9 million and was recorded in trade and other receivables (December 31, 2023 - pre-tax gain of $3.9 million recorded in trade and other receivables).

The Company's arrangement to sell trade receivables without recourse is disclosed in the "Liquidity and Capital Resources" section of this MD&A.

INVESTMENTS

		September 30, 2024		December 31, 2023
Investment in common shares of NanoXplore Inc.	$	52,208	$	54,384
Investment in common shares and convertible debentures of AlumaPower Corp.		4,036		4,036
Investment in common shares of and convertible debentures of Equispheres Inc.		9,030		1,000
Other		850		750
	$	66,124	$	60,170

As at September 30, 2024, the Company held a 22.5%, 13.1%, and 6.8% equity interest (on a non-diluted basis) in NanoXplore, AlumaPower Corporation ("AlumaPower"), and 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 industrial markets providing customers with a range of graphene-based solutions. 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 investments in NanoXplore based on NanoXplore's 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 common 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, 2022	$	48,749
Additions		8,452
Share of loss for the period		(2,799)
Share of other comprehensive loss for the period		(18)
Net as of December 31, 2023	$	54,384
Share of loss for the period		(2,147)
Share of other comprehensive loss for the period		(29)
Net as of September 30, 2024	$	52,208

As at September 30, 2024, the market value of the shares held in NanoXplore by the Company was $86.5 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, including statements related to sales and revenues, volume and production levels, the impact and duration of supply chain issues, inflation, interest rates, exchange rates, war, the execution of the Company’s strategy, views on liquidity and cash flow being sufficient to meet its business needs, and statements related to supplier default under tooling programs, and the payment of dividends. The words “continue”, “expect”, “anticipate”, “estimate”, “may”, “will”, “should”, “views”, “intend”, “believe”, “plan” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. Many factors could cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company’s AIF and MD&A for the year ended December 31, 2023 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
- Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks

- Russia and Ukraine War and Hamas-Israel War
- Semiconductor Chip Shortages and Price Increases
- Inflationary Pressures
- Regional Energy Shortages
- Dependence Upon Key Customers
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions
- Competition
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders
- Material and Commodity Prices and Volatility
- Scrap Steel/Aluminum Price Volatility
- Quote/Pricing Assumptions
- Launch and Operational Costs and Cost Structure
- Fluctuations in Operating Results
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change
- 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
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges
- Labour Relations Matters
- Trade Restrictions or Disputes
- Changes in Laws and Governmental Regulations
- Environmental Regulation and Climate Change
- Litigation and Regulatory Compliance and Investigations
- Risks of Conducting Business in Foreign Countries, Including China, Brazil 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
- Potential Volatility of Share Prices
- Dividends
- Lease Obligations

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

MARTINREA INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

Martinrea International Inc.

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Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note	September 30, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents		$ 177,267	$ 186,804
Trade and other receivables	2	801,012	695,819
Inventories	3	564,558	568,274
Prepaid expenses and deposits		35,611	33,904
Income taxes recoverable		35,644	11,089
TOTAL CURRENT ASSETS		1,614,092	1,495,890
Property, plant and equipment	4	1,945,783	1,943,771
Right-of-use assets	5	224,230	238,552
Deferred tax assets		193,175	192,301
Intangible assets		40,193	42,743
Investments	6	66,124	60,170
Pension assets		17,046	16,303
TOTAL NON-CURRENT ASSETS		2,486,551	2,493,840
TOTAL ASSETS		$ 4,100,643	$ 3,989,730
LIABILITIES			
Trade and other payables		$ 1,185,482	$ 1,176,579
Provisions	7	8,843	29,892
Income taxes payable		52,364	25,017
Current portion of long-term debt	8	11,290	12,778
Current portion of lease liabilities	9	52,177	48,507
TOTAL CURRENT LIABILITIES		1,310,156	1,292,773
Long-term debt	8	986,063	956,458
Lease liabilities	9	192,233	210,469
Pension and other post-retirement benefits		40,055	37,261
Deferred tax liabilities		26,059	27,588
TOTAL NON-CURRENT LIABILITIES		1,244,410	1,231,776
TOTAL LIABILITIES		2,554,566	2,524,549
EQUITY			
Capital stock	11	611,101	645,256
Contributed surplus		45,950	45,903
Accumulated other comprehensive income		139,934	95,753
Retained earnings		749,092	678,269
TOTAL EQUITY		1,546,077	1,465,181
TOTAL LIABILITIES AND EQUITY		$ 4,100,643	$ 3,989,730

Contingencies (note 16)

Subsequent event (note 18)

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 September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
SALES		$ 1,237,493	$ 1,378,938	$ 3,863,199	$ 4,043,882
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(993,212)	(1,124,326)	(3,109,104)	(3,306,836)
Depreciation of property, plant and equipment and right-of-use assets (production)		(80,931)	(73,418)	(234,578)	(214,877)
Total cost of sales		(1,074,143)	(1,197,744)	(3,343,682)	(3,521,713)
GROSS MARGIN		163,350	181,194	519,517	522,169
Research and development costs		(10,852)	(9,628)	(32,037)	(28,257)
Selling, general and administrative		(82,384)	(83,990)	(247,132)	(239,962)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,973)	(4,419)	(12,230)	(13,164)
Loss on disposal of property, plant and equipment		(262)	(142)	(1,489)	(158)
Restructuring costs	7	-	-	(11,610)	-
OPERATING INCOME		65,879	83,015	215,019	240,628
Share of loss of equity investments	6	(690)	(600)	(2,147)	(2,630)
Net gain on disposal of equity investments		-	-	-	5,273
Finance expense	13	(18,840)	(21,376)	(58,501)	(60,108)
Other finance income	13	1,084	7,418	8,140	7,074
INCOME BEFORE INCOME TAXES		47,433	68,457	162,511	190,237
Income tax expense	10	(33,276)	(14,713)	(63,725)	(38,422)
NET INCOME FOR THE PERIOD		$ 14,157	$ 53,744	$ 98,786	$ 151,815
Basic earnings per share	12	$ 0.19	$ 0.68	$ 1.30	$ 1.90
Diluted earnings per share	12	$ 0.19	$ 0.68	$ 1.30	$ 1.90

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 September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
NET INCOME FOR THE PERIOD	$ 14,157	$ 53,744	$ 98,786	$ 151,815
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	(1,472)	28,682	44,206	(2,345)
Items that will not be reclassified to net income				
Share of other comprehensive income (loss) of equity investments (note 6)	14	14	(25)	(4)
Remeasurement of defined benefit plans	322	3,184	(814)	5,630
Other comprehensive income (loss), net of tax	(1,136)	31,880	43,367	3,281
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 13,021	$ 85,624	$ 142,153	$ 155,096

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, 2022	$ 663,646	$ 45,558	$ 124,065	$ 543,636	$ 1,376,905
Net income for the period	-	-	-	151,815	151,815
Compensation expense related to stock options	-	331	-	-	331
Dividends ($0.15 per share)	-	-	-	(11,939)	(11,939)
Exercise of employee stock options	358	(97)	-	-	261
Repurchase of common shares (note 11)	(13,370)	-	-	(7,474)	(20,844)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	5,630	5,630
Foreign currency translation differences	-	-	(2,345)	-	(2,345)
Share of other comprehensive loss of equity investments	-	-	(4)	-	(4)
BALANCE AT SEPTEMBER 30, 2023	650,634	45,792	121,716	681,668	1,499,810
Net income for the period	-	-	-	1,850	1,850
Compensation expense related to stock options	-	111	-	-	111
Dividends ($0.05 per share)	-	-	-	(3,907)	(3,907)
Repurchase of common shares (note 11)	(5,378)	-	-	(2,847)	(8,225)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	1,505	1,505
Foreign currency translation differences	-	-	(25,949)	-	(25,949)
Share of other comprehensive loss of equity investments	-	-	(14)	-	(14)
BALANCE AT DECEMBER 31, 2023	645,256	45,903	95,753	678,269	1,465,181
Net income for the period	-	-	-	98,786	98,786
Compensation expense related to stock options	-	127	-	-	127
Dividends ($0.15 per share)	-	-	-	(11,281)	(11,281)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 11)	(34,505)	-	-	(15,868)	(50,373)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(814)	(814)
Foreign currency translation differences	-	-	44,206	-	44,206
Share of other comprehensive loss of equity investments	-	-	(25)	-	(25)
BALANCE AT SEPTEMBER 30, 2024	$ 611,101	$ 45,950	$ 139,934	$ 749,092	$ 1,546,077

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 September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period	$ 14,157	$ 53,744	$ 98,786	$ 151,815
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	84,904	77,837	246,808	228,041
Amortization of development costs	3,084	2,488	8,172	7,771
Unrealized loss (gain) on foreign exchange forward contracts	(4,382)	298	(913)	215
Finance expense	18,840	21,376	58,501	60,108
Income tax expense	33,276	14,713	63,725	38,422
Loss on disposal of property, plant and equipment	262	142	1,489	158
Deferred and restricted share units expense	2,893	2,294	6,261	9,505
Stock options expense	43	110	127	331
Share of loss of equity investments	690	600	2,147	2,630
Net gain on disposal of equity investments	-	-	-	(5,273)
Pension and other post-retirement benefits expense	571	693	1,702	2,087
Contributions made to pension and other post-retirement benefits	(489)	(666)	(1,657)	(1,886)
	153,849	173,629	485,148	493,924
Changes in non-cash working capital items:				
Trade and other receivables	(2,739)	(1,108)	(87,575)	(128,104)
Inventories	12,159	25,395	15,897	23,500
Prepaid expenses and deposits	(2,163)	(2,854)	(1,226)	2,595
Trade, other payables and provisions	(5,529)	(5,741)	(17,128)	73,577
	155,577	189,321	395,116	465,492
Interest paid	(21,839)	(25,278)	(65,306)	(73,041)
Income taxes paid	(1,849)	(10,839)	(50,533)	(74,622)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 131,889	$ 153,204	$ 279,277	$ 317,829
FINANCING ACTIVITIES:				
Increase (decrease) in long-term debt (net of deferred financing fees)	(29,094)	(27,011)	18,847	8,320
Equipment loan repayments	(1,329)	(3,895)	(5,899)	(12,471)
Principal payments of lease liabilities	(13,096)	(11,845)	(38,852)	(34,732)
Dividends paid	(3,743)	(3,981)	(11,489)	(12,019)
Exercise of employee stock options	-	-	270	261
Repurchase of common shares	(9,471)	(10,804)	(49,393)	(20,844)
NET CASH USED IN FINANCING ACTIVITIES	$ (56,733)	$ (57,536)	$ (86,516)	$ (71,485)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(80,814)	(62,444)	(191,681)	(222,300)
Capitalized development costs	(1,457)	(1,397)	(4,601)	(5,598)
Increase in investments (note 6)	-	-	(8,130)	(1,000)
Proceeds on disposal of property, plant and equipment	4,122	16	5,311	402
NET CASH USED IN INVESTING ACTIVITIES	$ (78,149)	$ (63,825)	$ (199,101)	$ (228,496)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,178)	1,127	(3,197)	(778)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,171)	32,970	(9,537)	17,070
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	181,438	145,755	186,804	161,655
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 177,267	$ 178,725	$ 177,267	$ 178,725

*As at September 30, 2024, $46,104 (December 31, 2023 - $75,800) 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, 2023.

(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, 2023.

(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 adopted accounting standards and policies

Amendments to IFRS 16, Leases - Lease Liability in a sale and Leaseback

On September 22, 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendments introduce a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments clarify that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

The Company adopted the amendments to IFRS 16 effective January 1, 2024. The adoption of amendments to IFRS 16 did not have a material impact on the interim condensed consolidated financial statements.

Amendments to IAS 1, Non-current Liabilities with Covenants

On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debts as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The Company adopted the amendments to IAS 1 effective January 1, 2024. The adoption of amendments to IAS 1 did not have a material impact on the interim condensed consolidated financial statements.

(e) 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

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

- 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.

2. TRADE AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023
Trade receivables	$ 758,363	$ 643,959
Other receivables	41,736	47,923
Foreign exchange forward contracts not accounted for as hedges (note 15(d))	913	3,937
	$ 801,012	$ 695,819

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 September 30, 2024, $48,658 (US $36,002) of receivables were sold under the program, of which $13,624 (US $10,080) 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

	September 30, 2024	December 31, 2023
Raw materials	$ 262,314	$ 256,038
Work in progress	78,186	69,474
Finished goods	48,698	51,202
Tooling work in progress and other inventory	175,360	191,560
	$ 564,558	$ 568,274

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

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024			December 31, 2023		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Land and buildings	$ 246,415	$ (51,572)	$ 194,843	$ 240,789	$ (47,664)	$ 193,125
Leasehold improvements	89,611	(63,178)	26,433	86,038	(58,881)	27,157
Manufacturing equipment	3,297,700	(1,915,630)	1,382,070	3,131,621	(1,751,642)	1,379,979
Tooling and fixtures	36,742	(28,314)	8,428	38,627	(34,302)	4,325
Other assets	96,126	(64,306)	31,820	87,808	(59,052)	28,756
Construction in progress	302,189	-	302,189	310,429	-	310,429
	$ 4,068,783	$ (2,123,000)	$ 1,945,783	$ 3,895,312	$ (1,951,541)	$ 1,943,771

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, 2022	$ 173,433	$ 30,205	$ 1,310,227	$ 5,145	$ 30,675	$ 399,088	$ 1,948,773
Additions	25	-	5,115	6	886	287,066	293,098
Disposals	-	-	(986)	-	(223)	(135)	(1,344)
Depreciation	(7,003)	(4,362)	(239,027)	(779)	(9,760)	-	(260,931)
Impairment	-	-	(666)	-	-	-	(666)
Transfers from construction in progress	30,797	1,619	328,984	19	7,477	(368,896)	-
Foreign currency translation adjustment	(4,127)	(305)	(23,668)	(66)	(299)	(6,694)	(35,159)
Net as of December 31, 2023	$ 193,125	$ 27,157	$ 1,379,979	$ 4,325	$ 28,756	$ 310,429	$ 1,943,771
Additions	84	-	787	-	635	171,089	172,595
Disposals	(1,198)	-	(4,961)	(5)	(122)	(514)	(6,800)
Depreciation	(5,527)	(3,376)	(192,604)	(1,015)	(6,123)	-	(208,645)
Transfers from construction in progress	3,821	2,107	166,108	4,897	7,941	(184,874)	-
Foreign currency translation adjustment	4,538	545	32,761	226	733	6,059	44,862
Net as of September 30, 2024	$ 194,843	$ 26,433	$ 1,382,070	$ 8,428	$ 31,820	$ 302,189	$ 1,945,783

5. RIGHT-OF-USE ASSETS

	September 30, 2024			December 31, 2023		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Leased buildings	$ 328,437	$ (170,316)	$ 158,121	$ 316,314	$ (141,483)	$ 174,831
Leased manufacturing equipment	122,242	(57,773)	64,469	107,162	(44,985)	62,177
Leased other assets	5,786	(4,146)	1,640	5,364	(3,820)	1,544
	$ 456,465	$ (232,235)	$ 224,230	$ 428,840	$ (190,288)	$ 238,552

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

Movement in right-of-use assets is summarized as follows:

		Leased buildings		Leased manufacturing equipment		Leased other assets		Total
Net as of December 31, 2022	$	185,281	$	67,320	$	1,464	$	254,065
Additions		10,626		12,022		1,017		23,665
Lease modifications		13,647		19		22		13,688
Depreciation		(31,896)		(16,382)		(935)		(49,213)
Foreign currency translation adjustment		(2,827)		(802)		(24)		(3,653)
Net as of December 31, 2023	$	174,831	$	62,177	$	1,544	$	238,552
Additions		2,804		11,941		744		15,489
Lease modifications		2,585		-		-		2,585
Depreciation		(25,971)		(11,497)		(695)		(38,163)
Foreign currency translation adjustment		3,872		1,848		47		5,767
Net as of September 30, 2024	$	158,121	$	64,469	$	1,640	$	224,230

6. INVESTMENTS

		September 30, 2024		December 31, 2023
Investment in common shares of NanoXplore Inc.	$	52,208	$	54,384
Investment in common shares and convertible debentures of AlumaPower Corporation.		4,036		4,036
Investment in common shares and convertible debentures of Equispheres Inc.		9,030		1,000
Other		850		750
	$	66,124	$	60,170

As at September 30, 2024, the Company held a 22.5%, 13.1%, 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 industrial markets providing customers with a range of graphene-based solutions. 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 NanoXplore’s 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 common 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, 2022	$	48,749
Additions		8,452
Share of loss for the period		(2,799)
Share of other comprehensive loss for the period		(18)
Net as of December 31, 2023	$	54,384
Share of loss for the period		(2,147)
Share of other comprehensive loss for the period		(29)
Net as of September 30, 2024	$	52,208

As at September 30, 2024, the stock market value of the shares held in NanoXplore by the Company was $86,549.

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

7. PROVISIONS

	Restructuring	Claims and Litigation	Total
Net as of December 31, 2022	$ 4,380	$ 3,526	$ 7,906
Net additions	27,266	375	27,641
Amounts used during the period	(3,444)	(1,944)	(5,388)
Foreign currency translation adjustment	(425)	158	(267)
Net as of December 31, 2023	$ 27,777	$ 2,115	$ 29,892
Net additions	11,610	1,796	13,406
Amounts used during the period	(32,946)	(1,565)	(34,511)
Foreign currency translation adjustment	233	(177)	56
Net as of September 30, 2024	$ 6,674	$ 2,169	$ 8,843

Additions to the restructuring provision during the nine months ended September 30, 2024 totaled $11,610 and represent employee-related severance resulting from the rightsizing of certain operations in Germany ($5,041), Mexico ($3,910), Canada ($1,995), and the United States ($664).

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.

	September 30, 2024	December 31, 2023
Banking facility	$ 975,949	$ 938,129
Equipment loans	21,404	31,107
	997,353	969,236
Current portion	(11,290)	(12,778)
	$ 986,063	$ 956,458

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

	Currency	Nominal interest rate	Year of maturity	September 30, 2024 Carrying amount	December 31, 2023 Carrying amount
Banking facility	USD	SOFR + 1.70%	2027	$ 569,007	$ 529,496
	CAD	CORRA + 1.70%	2027	156,942	408,633
	CAD	CORRA + 1.95%	2027	250,000	-
Equipment loans	CAD	2.54%	2026	10,382	14,142
	EUR	2.46%	2026	4,386	5,818
	EUR	1.40%	2026	4,009	5,677
	CAD	5.22%	2025	1,324	2,598
	EUR	0.00%	2028	800	870
	EUR	3.72%	2035	453	-
	EUR	0.26%	2025	50	72
	EUR	1.05%	2024	-	1,930
				$ 997,353	$ 969,236

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;

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

- 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 September 30, 2024, the Company had drawn US $421,000 (December 31, 2023 - US $401,000) on the U.S. revolving credit line, $160,000 (December 31, 2023 - $410,000) on the Canadian revolving credit line, and $250,000 (December 31, 2023 - $nil) on the Canadian non-amortizing term loan. At September 30, 2024, the weighted average effective interest rate of the banking facility was 6.5% (December 31, 2023 - 7.1%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at September 30, 2024.

Deferred financing fees of $3,058 (December 31, 2023 - $1,367) have been netted against the carrying amount of the long-term debt.

On May 23, 2024, the Company finalized an eleven-year equipment loan with total borrowing capacity of €1,092 ($1,601), repayable in bi-annual installments commencing in 2028 at a fixed annual interest rate of 3.72%.

Future annual minimum principal repayments as at September 30, 2024 are as follows:

	Scheduled principal repayments	Scheduled amortization of deferred financing fees	Carrying amount of outstanding loans
Within one year	$ 12,555	$ (1,265)	$ 11,290
One to two years	7,995	(1,265)	6,730
Two to three years	979,206	(528)	978,678
Three to four years	300	-	300
Thereafter	355	-	355
	$ 1,000,411	$ (3,058)	$ 997,353

Movement in long-term debt is summarized as follows:

	Total
Net as of December 31, 2022	$ 1,070,368
Net repayments	(71,647)
Equipment loan repayments	(17,104)
Amortization of deferred financing fees	1,022
Foreign currency translation adjustment	(13,403)
Net as of December 31, 2023	$ 969,236
Net drawdowns	21,005
Equipment loan proceeds	442
Equipment loan repayments	(5,899)
Deferred financing fee additions	(2,600)
Amortization of deferred financing fees	909
Foreign currency translation adjustment	14,260
Net as of September 30, 2024	$ 997,353

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

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, 2022	$	273,120
Net additions		23,665
Lease modifications		13,688
Principal payments of lease liabilities		(47,204)
Termination of leases		(174)
Foreign currency translation adjustment		(4,119)
Net as of December 31, 2023	$	258,976
Net additions		15,489
Lease modifications		2,585
Principal payments of lease liabilities		(38,852)
Foreign currency translation adjustment		6,212
Net as of September 30, 2024	$	244,410

The maturity of contractual undiscounted lease liabilities as at September 30, 2024 is as follows:

		Total
Within one year	$	62,009
One to two years		57,009
Two to three years		51,289
Three to four years		33,172
Thereafter		75,719
Total undiscounted lease liabilities at September 30, 2024	$	279,198
Interest on lease liabilities		(34,788)
Total present value of minimum lease payments	$	244,410
Current portion		(52,177)
	$	192,233

10. INCOME TAXES

The components of income tax expense are as follows:

		Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023
Current income tax expense	$	(29,893)	$	(25,939)	$	(60,923)	$	(72,747)
Deferred income tax recovery (expense)		(3,383)		11,226		(2,802)		34,325
Total income tax expense	$	(33,276)	$	(14,713)	$	(63,725)	$	(38,422)

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

Reconciliation of effective tax rate

The provision for income taxes differs from the result that would be obtained by applying statutory income tax rates to income before income taxes. The difference results from the following:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Income before income taxes	$ 162,511	$ 190,237
Tax at Statutory income tax rate of 26.5% (2023 - 26.5%)	43,065	50,413
Increase (decrease) in income taxes resulting from:		
Utilization of losses previously not benefited	(866)	(3,872)
Changes in estimates related to prior years	510	358
Revaluations due to foreign exchange	13,408	(16,086)
Revaluations due to inflation	(5,141)	(5,601)
Tax rate differences in foreign jurisdictions	1,065	477
Non taxable portion of capital losses	74	-
Current year tax losses not benefited and withholding tax expensed	1,855	2,478
Non-deductible expenses	9,755	10,255
	$ 63,725	$ 38,422
Effective income tax rate applicable to income before income taxes	39.2%	20.2%

11. CAPITAL STOCK

Common shares outstanding:	Number	Amount
Balance as of December 31, 2022	80,387,095	$ 663,646
Exercise of stock options	25,000	358
Repurchase of common shares under normal course issuer bid	(1,619,555)	(13,370)
Balance as of September 30, 2023	78,792,540	650,634
Repurchase of common shares under normal course issuer bid	(651,100)	(5,378)
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	(4,178,592)	(34,505)
Balance as of September 30, 2024	73,987,848	$ 611,101

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 March 29, 2023, the Toronto Stock Exchange ("TSX") accepted a notice of intention of the Company to make a normal course issuer bid ("NCIB") permitting the Company to purchase for cancellation up to 5 million common shares over a 12-month period ending on or about April 3, 2024.

During 2023, after the commencement of the NCIB, the Company purchased for cancellation an aggregate of 2,270,655 common shares for an aggregate purchase price of $29,069, resulting in a reduction to capital stock of $18,748 and a decrease to retained earnings of $10,321. The shares were purchased and cancelled directly under the NCIB.

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 the nine months ended September 30, 2024, the Company purchased for cancellation an aggregate of 4,178,592 common shares for an aggregate purchase price of $50,373 resulting in a reduction to capital stock of $34,505 and a decrease to retained earnings of $15,868. The shares were purchased and cancelled directly under the NCIB.

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

Stock options

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

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	2,328,500	$ 13.56	2,435,000	$ 13.50
Exercised during the period	(25,000)	10.80	(25,000)	10.44
Cancelled during the period	-	-	(81,500)	12.53
Expired during the period	(58,500)	12.63	-	-
Balance, end of period	2,245,000	$ 13.62	2,328,500	$ 13.56
Options exercisable, end of period	2,045,000	$ 13.55	1,938,500	$ 13.39

The following is a summary of the issued and outstanding common share purchase options as at September 30, 2024:

Range of exercise price per share	Number outstanding	Date of grant	Expiry
$10.00 - 12.99	525,000	2014 - 2022	2024 - 2032
$13.00 - 16.99	1,720,000	2015 - 2020	2025 - 2030
Total share purchase options	2,245,000		

For the three and nine months ended September 30, 2024, the Company expensed $43 (2023 - $110) and $127 (2023 - $331), 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 September 30, 2024 and 2023:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Outstanding, beginning of period	836,505	625,148
Granted and reinvested dividends	134,977	113,999
Redeemed	-	-
Outstanding, end of period	971,482	739,147

The DSUs granted during the nine months ended September 30, 2024 and 2023 had a weighted average fair value per unit of $11.91 and $13.88, respectively, on the date of grant. For the three and nine months ended September 30, 2024, DSU compensation expense reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to $110 (2023 - $433) and $402 (2023 - $2,314), respectively, recorded in selling, general and administrative expense.

Unrecognized DSU compensation expense as at September 30, 2024 was $1,371 (September 30, 2023 - $1,843 and December 31, 2023 - $1,791) 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 nine months ended September 30, 2024 and 2023:

	RSUs	PSUs	Total
Outstanding, December 31, 2022	558,474	478,624	1,037,098
Granted and reinvested dividends	206,030	146,488	352,518
Redeemed	-	-	-
Cancelled	-	-	-
Outstanding, September 30, 2023	764,504	625,112	1,389,616
Granted and reinvested dividends	244,101	218,352	462,453
Redeemed	(192,725)	(191,966)	(384,691)
Cancelled	(6,690)	(7,303)	(13,993)
Outstanding, December 31, 2023	809,190	644,195	1,453,385
Granted and reinvested dividends	261,306	193,303	454,609
Redeemed	-	-	-
Cancelled	(3,854)	(3,047)	(6,901)
Outstanding, September 30, 2024	1,066,642	834,451	1,901,093

The RSUs and PSUs granted during the nine months ended September 30, 2024 and 2023 had a weighted average fair value per unit of $12.15 and $15.33, respectively, on the date of grant. For the three and nine months ended September 30, 2024, RSU and PSU compensation expense reflected in the interim condensed consolidated statement of operations, including changes in fair value during the period, amounted to $2,783 (2023 - $1,861) and $5,859 (2023 - $7,191), respectively, recorded in selling, general and administrative expense.

Unrecognized RSU and PSU compensation expense as at September 30, 2024 was $5,454 (September 30, 2023 - $7,342 and December 31, 2023 - $9,765) 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 nine months ended September 30, 2024 and 2023 are shown in the table below:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Expected life (years)	2.52	2.52
Risk free interest rate	4.00%	4.09%

12. EARNINGS PER SHARE

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

	Three months ended September 30, 2024		Three months ended September 30, 2023	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	74,629,233	$ 0.19	79,326,948	$ 0.68
Effect of dilutive securities:				
Stock options	1,051	-	79,730	-
Diluted	74,630,284	$ 0.19	79,406,678	$ 0.68

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	76,191,453	$ 1.30	79,932,987	$ 1.90
Effect of dilutive securities:				
Stock options	2,748	-	55,845	-
Diluted	76,194,201	$ 1.30	79,988,832	$ 1.90

(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 nine months ended September 30, 2024, 2,220,000 (2023 - 1,100,000) and 1,720,000 (2023 - 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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Debt interest, gross	$ (19,507)	$ (22,568)	$ (60,788)	$ (65,021)
Interest on lease liabilities	(2,782)	(2,849)	(8,323)	(8,367)
Capitalized interest - at an average rate of 7.1%, 7.3% (2023 - 7.4%, 7.1%)	3,449	4,041	10,610	13,280
Finance expense	$ (18,840)	$ (21,376)	$ (58,501)	$ (60,108)

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net foreign exchange gain	$ 1,298	$ 7,134	$ 8,079	$ 6,498
Other income (expense), net	(214)	284	61	576
Other finance income	$ 1,084	$ 7,418	$ 8,140	$ 7,074

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, 2023. 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 September 30, 2024				
	Production Sales	Tooling Sales	Total Sales	Operating Income (Loss)
North America				
Canada	$ 114,672	$ 43,541	$ 158,213	
USA	365,254	4,683	369,937	
Mexico	469,581	51,022	520,603	
Eliminations	(42,495)	(46,002)	(88,497)	
	$ 907,012	$ 53,244	$ 960,256	$ 65,273
Europe				
Germany	161,888	15,834	177,722	
Spain	58,601	1,073	59,674	
Slovakia	12,671	576	13,247	
Eliminations	-	(144)	(144)	
	$ 233,160	$ 17,339	$ 250,499	$ 625
Rest of the World	31,944	1,694	33,638	(19)
Eliminations	(4,837)	(2,063)	(6,900)	-
	$ 1,167,279	$ 70,214	$ 1,237,493	$ 65,879

Three months ended September 30, 2023				
	Production Sales	Tooling Sales	Total Sales	Operating Income
North America				
Canada	$ 174,131	$ 45,673	$ 219,804	
USA	379,534	14,021	393,555	
Mexico	445,694	79,842	525,536	
Eliminations	(57,837)	(38,840)	(96,677)	
	$ 941,522	$ 100,696	$ 1,042,218	$ 68,076
Europe				
Germany	216,424	22,113	238,537	
Spain	50,363	4,338	54,701	
Slovakia	10,164	209	10,373	
Eliminations	(941)	(525)	(1,466)	
	$ 276,010	$ 26,135	$ 302,145	$ 10,193
Rest of the World	38,908	3,736	42,644	4,746
Eliminations	(6,063)	(2,006)	(8,069)	-
	$ 1,250,377	$ 128,561	$ 1,378,938	$ 83,015

(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:

	Nine months ended September 30, 2024			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income (Loss)**
North America				
Canada	$ 406,420	$ 64,954	$ 471,374	
USA	1,150,464	11,171	1,161,635	
Mexico	1,414,396	76,552	1,490,948	
Eliminations	(149,041)	(66,138)	(215,179)	
	$ 2,822,239	$ 86,539	$ 2,908,778	$ 195,007
Europe				
Germany	571,636	72,225	643,861	
Spain	180,034	9,528	189,562	
Slovakia	39,519	1,643	41,162	
Eliminations	(380)	(2,736)	(3,116)	
	$ 790,809	$ 80,660	$ 871,469	$ 20,566
Rest of the World	91,173	11,427	102,600	(554)
Eliminations	(15,743)	(3,905)	(19,648)	-
	$ 3,688,478	$ 174,721	$ 3,863,199	$ 215,019

	Nine months ended September 30, 2023			
	Production Sales	**Tooling Sales**	**Total Sales**	**Operating Income**
North America				
Canada	$ 548,232	$ 155,056	$ 703,288	
USA	1,112,544	58,827	1,171,371	
Mexico	1,343,659	150,036	1,493,695	
Eliminations	(181,876)	(123,201)	(305,077)	
	$ 2,822,559	$ 240,718	$ 3,063,277	$ 222,979
Europe				
Germany	660,138	52,257	712,395	
Spain	142,980	6,244	149,224	
Slovakia	33,452	1,797	35,249	
Eliminations	(2,598)	(632)	(3,230)	
	$ 833,972	$ 59,666	$ 893,638	$ 10,712
Rest of the World	105,696	7,396	113,092	6,937
Eliminations	(21,191)	(4,934)	(26,125)	-
	$ 3,741,036	$ 302,846	$ 4,043,882	$ 240,628

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:

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 177,267	$ 177,267	$ -	$ -
Investment in common shares of AlumaPower (note 6)	4,036	-	-	4,036
Investment in common shares of Equispheres (note 6)	9,030	-	-	9,030
Foreign exchange forward contracts not accounted for as hedges (note 2)	913	-	913	-

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 186,804	$ 186,804	$ -	$ -
Investment in common shares and convertible debentures of AlumaPower (note 6)	4,036	-	-	4,036
Investment in convertible debentures of Equispheres (note 6)	1,000	-	-	1,000
Foreign exchange forward contracts not accounted for as hedges (note 2)	3,937	-	3,937	-

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:

September 30, 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	$ -	$ -	$ 800,099	$ -	$ 800,099	$ 800,099
Investment in common shares of AlumaPower	-	4,036	-	-	4,036	4,036
Investment in common shares of Equispheres	-	9,030	-	-	9,030	9,030
Foreign exchange forward contracts not accounted for as hedges	913	-	-	-	913	913
	$ 913	$ 13,066	$ 800,099	$ -	$ 814,078	$ 814,078
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,185,482)	(1,185,482)	(1,185,482)
Long-term debt	-	-	-	(997,353)	(997,353)	(997,353)
	$ -	$ -	$ -	$ (2,182,835)	$ (2,182,835)	$ (2,182,835)
Net financial assets (liabilities)	$ 913	$ 13,066	$ 800,099	$ (2,182,835)	$ (1,368,757)	$ (1,368,757)

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

December 31, 2023	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	$ -	$ -	$ 691,882	$ -	$ 691,882	$ 691,882
Investment in common shares and convertible debentures of AlumaPower	-	2,671	-	1,365	4,036	4,036
Investment in convertible debentures of Equispheres	-	-	-	1,000	1,000	1,000
Foreign exchange forward contracts not accounted for as hedges	3,937	-	-	-	3,937	3,937
	$ 3,937	$ 2,671	$ 691,882	$ 2,365	$ 700,855	$ 700,855
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,176,579)	(1,176,579)	(1,176,579)
Long-term debt	-	-	-	(969,236)	(969,236)	(969,236)
	$ -	$ -	$ -	$ (2,145,815)	$ (2,145,815)	$ (2,145,815)
Net financial assets (liabilities)	$ 3,937	$ 2,671	$ 691,882	$ (2,143,450)	$ (1,444,960)	$ (1,444,960)

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 28.2%, 21.9%, and 11.3% of its production sales for the nine months ended September 30, 2024 (2023 - 26.0%, 20.3%, and 15.5%). 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 September 30, 2024 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:

	September 30, 2024	December 31, 2023
0-60 days	$ 752,258	$ 633,984
61-90 days	1,898	2,158
Greater than 90 days	4,207	7,817
	$ 758,363	$ 643,959

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

(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 September 30, 2024, the Company had cash of $177,267 (December 31, 2023 - $186,804) and banking facilities available as discussed in note 8. All of the Company's financial liabilities other than long-term debt have maturities of approximately 60 days.

A summary of contractual maturities of long-term debt is provided in note 8.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk as a significant portion of the Company's long-term debt bears interest at rates linked to the US prime, Canadian prime, SOFR or the CORRA rates. The interest on the bank facility fluctuates depending on the achievement of certain financial debt ratios.

The interest rate profile of the Company's long-term debt was as follows:

	Carrying amount	
	September 30, 2024	December 31, 2023
Variable rate instruments	$ 975,949	$ 938,129
Fixed rate instruments	21,404	31,107
	$ 997,353	$ 969,236

Sensitivity analysis

An increase of 1.0% in all variable interest rate debt would, all else being equal, have an effect of $2,526 (2023 - $2,655) on the Company's interim condensed consolidated financial results for the three months ended September 30, 2024 and $7,583 (2023 - $8,061) for the nine months ended September 30, 2024.

(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 September 30, 2024, the Company had committed to the following foreign exchange contracts:

<u>Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss</u>

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Mexican Peso	$ 70,110	$ 19.9687	1

The aggregate value of these forward contracts as at September 30, 2024 was a pre-tax gain of $913 and was recorded in trade and other receivables (December 31, 2023 - pre-tax gain of $3,937 recorded in trade and other receivables).

The Company's exposure to foreign currency risk reported in the foreign currency was as follows:

September 30, 2024	USD	EURO	PESO	BRL	CNY
Trade and other receivables	$ 422,771	€ 108,350	$ 102,817	R$ 36,886	¥ 102,934
Trade and other payables	(509,814)	(179,863)	(936,305)	(68,254)	(84,287)
Long-term debt	(421,000)	(6,426)	-	-	-
	$ (508,043)	€ (77,939)	$ (833,488)	R$ (31,368)	¥ 18,647

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

December 31, 2023		USD		EURO		PESO		BRL		CNY
Trade and other receivables	$	355,463	€	95,758	$	94,082	R$	34,796	¥	104,647
Trade and other payables		(491,150)		(215,929)		(570,269)		(71,276)		(111,242)
Long-term debt		(401,000)		(9,842)		-		-		-
	$	(536,687)	€	(130,013)	$	(476,187)	R$	(36,480)	¥	(6,595)

The following summary illustrates the fluctuations in the foreign exchange rates applied:

	Average rate		Average rate		Closing rate	
	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023	September 30, 2024	December 31, 2023
USD	1.3704	1.3342	1.3592	1.3460	1.3516	1.3204
EURO	1.4885	1.4570	1.4743	1.4553	1.5091	1.4598
PESO	0.0749	0.0780	0.0781	0.0746	0.0686	0.0781
BRL	0.2502	0.2746	0.2641	0.2668	0.2487	0.2729
CNY	0.1896	0.1856	0.1886	0.1923	0.1927	0.1859

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 September 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 nine months ended September 30, 2024 and 2023 by the amounts shown below, assuming all other variables remain constant:

		Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023
USD	$	(3,617)	$	(4,883)	$	(12,574)	$	(16,332)
EURO		101		(961)		(1,231)		(771)
BRL		141		70		308		(51)
CNY		(154)		251		(50)		298
	$	(3,529)	$	(5,523)	$	(13,547)	$	(16,856)

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

The Company's subsidiary in Brazil, Martinrea Honsel Brazil Fundicao e comercio de Pecas em Alumino Ltda., is currently being assessed by the State of Sao Paulo's tax authorities for certain historical VAT credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties and interest charges. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities and most recent developments surrounding the assessments, is approximately $40,866 (BRL $164,301) including interest and penalties to September 30, 2024 (December 31, 2023 - $42,539 or BRL $155,897). The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will continue to vigorously defend against the assessments. The amounts of certain assessments have decreased due to successful challenges by the Company's subsidiary at preliminary stages of the proceedings. The assessments are at various stages in the process. Three assessments totaling $24,233 (BRL $97,428) including interest and penalties as at September 30, 2024 have entered the judicial litigation process. The Company's subsidiary may be required to present guarantees related to these assessments up to $23,056 (BRL $92,695) shortly through a pledge of assets, bank letter of credit or cash deposit. No provision has been recorded by the Company in connection with this contingency as, at this stage, the Company has concluded that it is not probable that a liability will result from the matter.

The Company's subsidiary in Queretaro, Mexico, Martinrea Honsel Mexico, S.A. de C.V., is currently being assessed by the Mexican Federal Tax Authorities for tax deductions taken mainly in respect of certain intra-company transactions. The potential exposure under these assessments for the years 2023 and 2015, based on the notices issued by the tax authorities, is approximately $82,155 (MXN $1,197,888) including interest and penalties to September 30, 2024 (December 31, 2023 - $91,423 or MXN $1,170,668). In September 2024, the Company received an assessment for the year 2016. The potential exposure under this assessment, based on the notices issued by the tax authorities, is approximately $52,908 (MXN $771,446). The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will continue to vigorously defend against such assessments. No provision has been recorded by the Company in connection with this contingency as, at this stage, the Company has concluded that it is not probable that a liability will result from the matter.

The Company's subsidiary in Meschede, Germany, Martinrea Honsel Germany GmbH, is currently being assessed by the German Federal and State Tax Authorities for tax deductions taken mainly in respect of certain intra-company transactions for the years 2014 to 2016. The potential exposure under these assessments, based on the notices issued by the tax authorities, is approximately $30,154 (EURO €19,982) including interest and penalties to September 30, 2024. The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will continue to vigorously defend against such assessments. A small provision related to this matter in the amount of $450 has been recorded, which the Company believes is adequate for all open tax years based on its assessment of many factors, including interpretations of international tax laws and prior experience.

17. GUARANTEES

The Company is a guarantor under a tooling financing program. The tooling financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to the tooling suppliers through this financing arrangement do not appear on the Company's interim condensed consolidated balance sheet unless the sale on the corresponding tooling project has been recognized, at which point a tooling trade payable on the project is recorded. At September 30, 2024, the amount of the off-balance sheet program financing was $22,020 (December 31, 2023 - $16,457) 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 2023 or 2024. 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.

18. SUBSEQUENT EVENT

On October 24, 2024, the Company entered into a two-year long-term supply agreement with a key supplier in Europe. Also, on October 24, 2024, the Company entered into an arrangement to acquire the key supplier at a date subsequent to January 1, 2027 subject to certain criteria being met. The Company is currently assessing the accounting impact of these transactions.

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