MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the year ended December 31, 2023

The following management discussion and analysis (“MD&A”) was prepared as of February 29, 2024 and should be read in conjunction with the Company’s audited consolidated financial statements ("consolidated financial statements") 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") 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 approximately 19,000 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.

RECENT DEVELOPMENTS

The United Auto Workers strike at General Motors, Ford and Stellantis

On September 15, 2023, the United Auto Workers union (UAW) went on strike at certain U.S. facilities at General Motors, Ford and Stellantis, the Company’s three largest customers, subsequently expanding the strike action to include additional customer facilities. The labour disruption had a negative impact on production volumes, increasing in magnitude with every additional customer facility that went on strike. The UAW strike ended on October 30, 2023 and resulted in lost production sales of approximately $50 million and corresponding contribution largely during the fourth quarter of 2023. The strike also negatively impacted the automotive supply chain.

Inflation and interest rates

The Company continues to experience higher commodity, freight and energy costs, as well as wage pressures in some markets, which are easing somewhat but 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 or 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. 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

Industry-wide supply chain disruptions resulting, in part, from the COVID-19 pandemic, continue to have a negative impact on the automotive supply chain and OEM light vehicle production globally. Although improved, 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. While the Company has experienced a recovery in production volumes and an improvement in the stability of production, it remains unclear when supply and demand for automotive components will fully rebalance and it continues to be difficult to predict the full impact of the supply chain disruptions.

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, and Risks and Uncertainties in this MD&A.

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 months and years ended December 31, 2023 and 2022. Refer to the Company's consolidated financial statements for the year ended December 31, 2023 for a detailed account of the Company's performance for the periods presented in the tables below.

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Sales	$ 5,340,003	$ 4,757,588	582,415	12.2%
Gross Margin	675,397	559,263	116,134	20.8%
Operating Income	269,114	217,779	51,335	23.6%
Net Income for the period	153,665	132,838	20,827	15.7%
Net Earnings per Share - Basic and Diluted	$ 1.93	$ 1.65	0.28	17.0%
Non-IFRS Measures*				
Adjusted Operating Income	$ 297,275	$ 230,119	67,156	29.2%
% of Sales	*5.6 %*	*4.8 %*		
Adjusted EBITDA	616,678	515,888	100,790	19.5%
% of Sales	*11.5 %*	*10.8 %*		
Adjusted Net Income	176,492	141,612	34,880	24.6%
Adjusted Net Earnings per Share - Basic and Diluted	$ 2.22	$ 1.76	0.46	26.1%

		Three months ended December 31, 2023		Three months ended December 31, 2022	$ Change	% Change
Sales	$	1,296,121	$	1,294,592	1,529	0.1%
Cost of sales (excluding depreciation)		(1,065,338)		(1,065,948)	610	0.1%
Depreciation of property, plant and equipment and right-of-use assets (production)		(77,555)		(70,140)	(7,415)	(10.6%)
Gross Margin		153,228		158,504	(5,276)	(3.3%)
Research and development costs		(9,754)		(10,273)	519	5.1%
Selling, general and administrative		(83,476)		(72,174)	(11,302)	(15.7%)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(4,548)		(4,174)	(374)	(9.0%)
Gain (loss) on disposal of property, plant and equipment		1,197		(1,323)	2,520	190.5%
Restructuring costs		(27,266)		-	(27,266)	(100.0%)
Impairment of assets		(895)		-	(895)	(100.0%)
Operating Income	$	28,486	$	70,560	(42,074)	(59.6%)
Share of loss of equity investments		(930)		(1,665)	735	44.1%
Finance expense		(20,215)		(16,194)	(4,021)	(24.8%)
Other finance income (expense)		(421)		2,959	(3,380)	(114.2%)
Income before taxes	$	6,920	$	55,660	(48,740)	(87.6%)
Income tax expense		(5,070)		(9,433)	4,363	46.3%
Net Income for the period		1,850		46,227	(44,377)	(96.0%)
Net Earnings per Share - Basic and Diluted	$	0.02	$	0.58	(0.56)	(96.6%)
Non-IFRS Measures*						
Adjusted Operating Income	$	56,647	$	70,560	(13,913)	(19.7%)
% of Sales		4.4 %		5.5 %		
Adjusted EBITDA		140,080		148,990	(8,910)	(6.0%)
% of Sales		10.8 %		11.5 %		
Adjusted Net Income		29,251		46,227	(16,976)	(36.7%)
Adjusted Net Earnings per Share - Basic and Diluted	$	0.37	$	0.58	(0.21)	(36.2%)

***Non-IFRS Measures**

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards. 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", 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 December 31, 2023		Three months ended December 31, 2022
Net Income	$	1,850	$	46,227
Adjustments, after tax*		27,401		-
Adjusted Net Income	$	29,251	$	46,227

		Year ended December 31, 2023		Year ended December 31, 2022
Net Income	$	153,665	$	132,838
Adjustments, after tax*		22,827		8,774
Adjusted Net Income	$	176,492	$	141,612

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

	Three months ended December 31, 2023	Three months ended December 31, 2022
Net Income	$ 1,850	$ 46,227
Income tax expense	5,070	9,433
Other finance expense (income)	421	(2,959)
Share of loss of equity investments	930	1,665
Finance expense	20,215	16,194
Adjustments, before tax*	28,161	-
Adjusted Operating Income	$ 56,647	$ 70,560
Depreciation of property, plant and equipment and right-of-use assets	82,103	74,314
Amortization of development costs	2,527	2,793
Loss (gain) on disposal of property, plant and equipment	(1,197)	1,323
Adjusted EBITDA	$ 140,080	$ 148,990

	Year ended December 31, 2023	Year ended December 31, 2022
Net Income	$ 153,665	$ 132,838
Income tax expense	43,492	41,207
Other finance income	(6,653)	(9,127)
Share of loss of equity investments	3,560	5,074
Finance expense	80,323	51,837
Adjustments, before tax*	22,888	8,290
Adjusted Operating Income	$ 297,275	$ 230,119
Depreciation of property, plant and equipment and right-of-use assets	310,144	274,707
Amortization of development costs	10,298	10,929
Loss (gain) on disposal of property, plant and equipment	(1,039)	133
Adjusted EBITDA	$ 616,678	$ 515,888

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

SALES

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
North America	$ 959,464	$ 984,588	(25,124)	(2.6%)
Europe	311,034	273,642	37,392	13.7%
Rest of the World	34,467	47,575	(13,108)	(27.6%)
Eliminations	(8,844)	(11,213)	2,369	21.1%
Total Sales	$ 1,296,121	$ 1,294,592	1,529	0.1%

The Company's consolidated sales for the fourth quarter of 2023 increased by $1.5 million or 0.1% to $1,296.1 million as compared to $1,294.6 million for the fourth quarter of 2022. The total increase in sales was driven by a year-over-year increase in the Europe operating segment, partially offset by year-over-year decreases in sales in North America and the Rest of the World.

Sales for the fourth quarter of 2023 in the Company's North America operating segment decreased by $25.1 million or 2.6% to $959.5 million from $984.6 million for the fourth quarter of 2022. The decrease was due to the impact of the UAW strike at General Motors, Ford and Stellantis in the United States, negatively impacting production sales for the fourth quarter across several platforms; and lower year-over-year OEM production volumes on other light-vehicle platforms, including the Ford Mustang Mach E, Lucid Air, and GM Equinox/Terrain. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the fourth quarter of 2022, including the Mercedes' new electric vehicle platform (EVA2), General Motors' new electric vehicle platform (BEV3), a Toyota/Lexus SUV, and a transmission for the ZF Group; overall higher year-over-year fourth quarter OEM light vehicle production volumes, apart from the impact of the UAW strike, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; the impact of foreign exchange on the translation of U.S. denominated

production sales, which had a positive impact on overall sales for the fourth quarter of 2023 of $11.0 million as compared to the fourth quarter of 2022; and an increase in tooling sales of $4.2 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the fourth quarter of 2023 in the Company’s Europe operating segment increased by $37.4 million or 13.7% to $311.0 million from $273.6 million for the fourth quarter of 2022. The increase was due generally to overall higher fourth quarter OEM light vehicle production volumes, which increased in Europe by approximately 7% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; the launch and ramp up of new programs during or subsequent to the fourth quarter of 2022, with Mercedes and the ZF Group; the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the fourth quarter of 2023 of $21.5 million as compared to the fourth quarter of 2022; and a $0.7 million increase in tooling sales. These positive factors were partially offset by lower year-over-year production volumes of certain platforms, namely the Mercedes' new electric vehicle platform (EVA2).

Sales for the fourth quarter of 2023 in the Company’s Rest of the World operating segment decreased by $13.1 million or 27.6% to $34.5 million from $47.6 million in the fourth quarter of 2022. The decrease was largely driven by the lower year-over-year production volumes on Geely's new electric vehicle platform (PMA) and with General Motors; and programs that came with the operations acquired from Metalsa that ended production during the fourth quarter of 2023. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the fourth quarter of 2022, specifically the BMW 5-series, and an increase in tooling sales of $2.2 million.

Overall tooling sales increased by $6.4 million (including outside segment sales eliminations) to $127.4 million for the fourth quarter of 2023 from $121.0 million for the fourth quarter of 2022.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
North America	$ 4,022,741	$ 3,558,384	464,357	13.0%
Europe	1,204,672	1,055,309	149,363	14.2%
Rest of the World	147,559	174,050	(26,491)	(15.2%)
Eliminations	(34,969)	(30,155)	(4,814)	(16.0%)
Total Sales	$ 5,340,003	$ 4,757,588	582,415	12.2%

The Company’s consolidated sales for the year ended December 31, 2023 increased by $582.4 million or 12.2% to $5,340.0 million as compared to $4,757.6 million for the year ended December 31, 2022. The total increase in sales was driven by year-over-year increases in the North America and Europe operating segments, partially offset by a decrease in sales in the Rest of the World.

Sales for the year ended December 31, 2023 in the Company’s North America operating segment increased by $464.4 million or 13.0% to $4,022.7 million from $3,558.4 million for the year ended December 31, 2022. The increase was due generally to the launch and ramp up of new programs, including Mercedes' new electric vehicle platform (EVA2), General Motors' new electric vehicle platform (BEV3), a Toyota/Lexus SUV, and a transmission for the ZF Group; overall higher OEM light vehicle production volumes during the period, which increased in North America by approximately 10% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2023 of $138.6 million as compared to the corresponding period of 2022; the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases and volume shortfalls) on customer pricing and sales; and an increase in tooling sales of $120.9 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by lower year-over-year production volumes of certain light vehicle platforms including the Ford Mustang Mach E, Lucid Air and GM Equinox/Terrain; and the impact the UAW strike had on production volumes, mainly during the fourth quarter of 2023.

Sales for the year ended December 31, 2023 in the Company’s Europe operating segment increased by $149.4 million or 14.2% to $1,204.7 million from $1,055.3 million for the year ended December 31, 2022. The increase can be attributed to the launch and ramp up of new programs with Mercedes and the ZF Group; overall higher OEM light vehicle production volumes during the year ended

December 31, 2023, which increased in Europe by approximately 13% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2023 of $63.8 million as compared to the corresponding period of 2022; the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases and volume shortfalls) on customer pricing and sales; and an increase in tooling sales of $2.6 million. These positive factors were partially offset by lower year-over year-production volumes of certain platforms, including the Lucid Air, certain programs with Mercedes, and an engine block for Ford.

Sales for the year ended December 31, 2023 in the Company's Rest of the World operating segment decreased by $26.5 million or 15.2% to $147.6 million from $174.1 million for the year ended December 31, 2022. The decrease was largely driven by lower year-over-year production volumes on Geely's new electric vehicle platform (PMA), and with Jaguar Land Rover; partially offset by the impact of commercial settlements (to partially offset inflationary cost increases and volume shortfalls) on customer pricing and sales, and an increase in tooling sales of $6.8 million.

Overall tooling sales increased by $128.5 million (including outside segment sales eliminations) to $430.3 million for the year ended December 31, 2023 from $301.8 million for the year ended December 31, 2022.

GROSS MARGIN

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Gross margin	$ 153,228	$ 158,504	(5,276)	(3.3)%
% of Sales	11.8 %	12.2 %		

The gross margin percentage for the fourth quarter of 2023 of 11.8% decreased as a percentage of sales by 0.4% as compared to the gross margin percentage for the fourth quarter of 2022 of 12.2%. The decrease in gross margin as a percentage of sales was generally due to:

- the impact of the UAW strike at General Motors, Ford and Stellantis in the United States, which resulted in lost production sales during the quarter, on the Company's margin profile for the quarter; and
- operational inefficiencies at certain operating facilities, including costs resulting from a Tier 2 supply chain disruption during the quarter.

These factors were partially offset by productivity and efficiency improvements at certain operating facilities and other improvements.

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.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Gross margin	$ 675,397	$ 559,263	116,134	20.8%
% of Sales	12.6%	11.8%		

The gross margin percentage for the year ended December 31, 2023 of 12.6% increased as a percentage of sales by 0.8% as compared to the gross margin percentage for the year ended December 31, 2022 of 11.8%. The increase in gross margin as a percentage of sales was generally due to:

- overall higher production sales volume and corresponding higher utilization of assets;
- favourable commercial settlements; and
- productivity and efficiency improvements at certain operating facilities and other improvements.

These factors were partially offset by:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities, including costs resulting from a Tier 2 supply chain disruption during the fourth quarter of the year;
- a negative sales mix;
- the impact of material passthrough on customer pricing; and
- the impact of the UAW strike at General Motors, Ford and Stellantis in the United States, which resulted in lost production sales mainly during the fourth quarter of the year, on the Company's margin profile.

Gross margin for the year ended December 31, 2023 continued to be impacted by production inefficiencies related to the industry-wide supply chain disruptions driven by the unpredictability of customer production schedules, although the stability of OEM production volumes has improved year-over-year.

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

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Selling, general & administrative	$ 83,476	$ 72,174	11,302	15.7 %
% of Sales	6.4 %	5.6 %		

SG&A expense for the fourth quarter of 2023 increased by $11.3 million to $83.5 million as compared to SG&A expense for the fourth quarter of 2022 of $72.2 million. The increase in SG&A expense can largely be attributed to overall higher employee levels and related costs as compared to the fourth quarter of 2022 as a result of overall higher volumes and general activity; and an increase in premium freight costs resulting from a Tier 2 supply chain disruption during the quarter.

SG&A expense as a percentage of sales increased to 6.4% for the fourth quarter of 2023 compared to 5.6% for the fourth quarter of 2022 due to the reasons noted above, on lower overall sales volume during the quarter due to the impact the UAW strike had on customer production volumes.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Selling, general & administrative	$ 323,438	$ 276,146	47,292	17.1%
% of Sales	6.1%	5.8%		

SG&A expense for the year ended December 31, 2023 increased by $47.3 million to $323.4 million as compared to SG&A expense for the year ended December 31, 2022 of $276.1 million. The increase in SG&A expense can largely be attributed to overall higher employee levels and related costs as compared to the corresponding period of 2022 as a result of overall higher volumes and general activity; an increase in overall performance-based variable compensation expense, including equity-based compensation expense related to deferred, restricted, and performance share units; an increase in travel related costs; and an increase in premium freight costs, largely resulting from a Tier 2 supply chain disruption during the fourth quarter of 2023.

SG&A expense as a percentage of sales increased to 6.1% for the year ended December 31, 2023 compared to 5.8% for the year ended December 31, 2022 due to the reasons noted above, on higher overall year-over-year sales volume.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E"), RIGHT-OF-USE ASSETS AND AMORTIZATION OF INTANGIBLE ASSETS

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 77,555	$ 70,140	7,415	10.6%
Depreciation of PP&E and right-of-use assets (non-production)	4,548	4,174	374	9.0%
Amortization of development costs	2,527	2,793	(266)	(9.5%)
Total depreciation and amortization	$ 84,630	$ 77,107	7,523	9.8%

Total depreciation and amortization expense for the fourth quarter of 2023 increased by $7.5 million to $84.6 million as compared to $77.1 million for the fourth quarter of 2022. 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 fourth quarter of 2022.

A significant portion of the Company's recent investments relates to various new programs that commenced during or subsequent to the fourth quarter of 2022 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 6.5% for the fourth quarter of 2023 from 6.0% for the fourth quarter of 2022 due mainly to the increased asset base, as noted above.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 292,432	$ 258,760	33,672	13.0%
Depreciation of PP&E and right-of-use assets (non-production)	17,712	15,947	1,765	11.1%
Amortization of development costs	10,298	10,929	(631)	(5.8%)
Total depreciation and amortization	$ 320,442	$ 285,636	34,806	12.2%

Total depreciation and amortization expense for the year ended December 31, 2023 increased by $34.8 million to $320.4 million as compared to $285.6 million for the year ended December 31, 2022. 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 year ended December 31, 2022.

Total depreciation and amortization expense as a percentage of sales for the year ended December 31, 2023 of 6.0% was consistent with the year ended December 31, 2022.

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 December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change
NET INCOME	**$ 1,850**	**$ 46,227**	**$ (44,377)**
Adjustments:			
Restructuring costs (1)	27,266	-	27,266
Impairment of assets (2)	895	-	895
ADJUSTMENTS, BEFORE TAX	**$ 28,161**	**$ -**	**$ 28,161**
Tax impact of adjustments	(760)	-	(760)
ADJUSTMENTS, AFTER TAX	**$ 27,401**	**$ -**	**$ 27,401**
ADJUSTED NET INCOME	**$ 29,251**	**$ 46,227**	**$ (16,976)**
Number of Shares Outstanding – Basic (‘000)	78,700	80,387	
Adjusted Basic Net Earnings Per Share	$ 0.37	$ 0.58	
Number of Shares Outstanding – Diluted (‘000)	78,725	80,387	
Adjusted Diluted Net Earnings Per Share	$ 0.37	$ 0.58	

TABLE B

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change
NET INCOME	**$ 153,665**	**$ 132,838**	**$ 20,827**
Adjustments:			
Restructuring costs (1)	27,266	7,846	19,420
Impairment of assets (2)	895	4,494	(3,599)
Net gain on disposal of equity investments (3)	(5,273)	-	(5,273)
Gain on dilution of equity investments (4)	-	(4,050)	4,050
ADJUSTMENTS, BEFORE TAX	**$ 22,888**	**$ 8,290**	**$ 14,598**
Tax impact of adjustments	(61)	(733)	672
Writedown of deferred tax asset (2)	-	1,217	(1,217)
ADJUSTMENTS, AFTER TAX	**$ 22,827**	**$ 8,774**	**$ 14,053**
ADJUSTED NET INCOME	**$ 176,492**	**$ 141,612**	**$ 34,880**
Number of Shares Outstanding – Basic (‘000)	79,608	80,378	
Adjusted Basic Net Earnings Per Share	$ 2.22	$ 1.76	
Number of Shares Outstanding – Diluted (‘000)	79,655	80,378	
Adjusted Diluted Net Earnings Per Share	$ 2.22	$ 1.76	

(1) Restructuring costs

Additions to the restructuring provision for the year ended December 31, 2023, recognized during the fourth quarter of 2023, totaled $27.3 million, and represent employee-related severance resulting from the rightsizing of operations in Germany, due to lower than expected OEM production volumes, and the closure of an operating facility in Canada, resulting from the end of production of certain OEM light vehicle platforms.

Additions to the restructuring provision during the year ended December 31, 2022, recognized during the first and third quarters of 2022, totaled $7.8 million, and represent employee-related severance resulting from the rightsizing of operations in Canada and China related to the cancellation of certain OEM light vehicle platforms well before the end of their expected life cycles.

(2) Impairment of assets

During the fourth quarter of 2023, the Company recorded impairment charges on property, plant and equipment and inventories totaling $0.9 million related to the closure of an operating facility in Canada, included in the North America operating segment. The impairment charges resulted from the end of production of certain OEM light vehicle platforms which led to the decision to close the facility. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts.

During the third quarter of 2022, the Company recorded impairment charges on property, plant, equipment, right-of-use assets, and inventories totaling $4.5 million representing a writedown of the total assets of a Cash Generating Unit (“CGU”) in China, comprised of two operating facilities originally acquired from Metalsa S.A in 2020, included in the Rest of the World operating segment. The impairment charges resulted from the cancellation of the OEM light vehicle platforms being serviced by the CGU before the end of their expected life cycles. This led to a decision to close the facilities. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. The decision to close the facilities also resulted in a writedown of deferred tax assets of $1.2 million.

(3) 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%.

(4) Gain on dilution of equity investments

As at December 31, 2021, the Company held 35,045,954 common shares of NanoXplore representing a 22.2% equity interest in NanoXplore (on a non-diluted basis). On February 24, 2022, NanoXplore closed a bought deal public offering of 6,522,000 common shares from treasury at a price of $4.60 per common share for aggregate gross proceeds of $30.0 million. Upon finalization of the transaction, the Company’s net ownership interest decreased to 21.2% from 22.2%. This dilution resulted in a deemed disposition of a portion of the Company’s ownership interest in NanoXplore, resulting in a gain on dilution of $4.1 million during the first quarter of 2022.

NET INCOME

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Net Income	$ 1,850	$ 46,227	(44,377)	(96.0%)
Adjusted Net Income	29,251	46,227	(16,976)	(36.7%)
Net Earnings per Share				
Basic and Diluted	$ 0.02	$ 0.58		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.37	$ 0.58		

Net Income, before adjustments, for the fourth quarter of 2023 decreased by $44.4 million to $1.9 million or $0.02 per share, on a basic and diluted basis, from Net Income of $46.2 million or $0.58 per share, on a basic and diluted basis, for the fourth quarter of 2022. Excluding the adjustments explained in Table A under “Adjustments to Net Income", Adjusted Net Income for the fourth quarter of 2023 decreased by $17.0 million to $29.3 million or $0.37 per share, on a basic and diluted basis, from $46.2 million or $0.58 per share, on a basic and diluted basis, for the fourth quarter of 2023.

Adjusted Net Income for the fourth quarter of 2023, as compared to the fourth quarter of 2022, was negatively impacted by the following:

- lower gross margin due largely to the impact of the UAW strike at General Motors, Ford and Stellantis in the United States on production volumes and corresponding contribution, and operational inefficiencies resulting from a Tier 2 supply chain disruption during the quarter;
- a year-over-year increase in SG&A expense, as previously explained;
- a $4.0 million year-over-year increase in finance expense as a result of increased borrowing rates on the Company's revolving bank debt; and
- a net foreign exchange loss of $1.3 million for the fourth quarter of 2023 compared to a gain of $2.9 million for the fourth quarter of 2022.

These negative factors were partially offset by a $1.2 million gain on the disposal of property, plant and equipment for the fourth quarter of 2023 compared to a loss of $1.3 million for the fourth quarter of 2022.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Net Income	$ 153,665	$ 132,838	20,827	15.7%
Adjusted Net Income	176,492	141,612	34,880	24.6%
Net Earnings per Share				
Basic and Diluted	$ 1.93	$ 1.65		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 2.22	$ 1.76		

Net Income, before adjustments, for the year ended December 31, 2023 increased by $20.8 million to $153.7 million or $1.93 per share, on a basic and diluted basis, from Net Income of $132.8 million or $1.65 per share, on a basic and diluted basis, for the year ended December 31, 2022. Excluding the adjustments explained in Table B under “Adjustments to Net Income”, Adjusted Net Income for the year ended December 31, 2023 increased by $34.9 million to $176.5 million or $2.22 per share on a basic and diluted basis, from $141.6 million or $1.76 per share, on a basic and diluted basis, for the year ended December 31, 2022.

Adjusted Net Income for the year ended December 31, 2023, as compared to the year ended December 31, 2022, was positively impacted by the following:

- higher gross margin on higher year-over-year sales volume as previously explained;
- a $1.0 million gain on the disposal of property, plant and equipment for the year ended December 31, 2023 compared to a loss of $0.1 million for the comparative period of 2022;
- a year-over-year decrease in share of loss of equity investments; and
- a lower effective tax rate (19.8% for the year ended December 31, 2023 compared to 22.3% for the year ended December 31, 2022).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a $28.5 million year-over-year increase in finance expense as a result of increased borrowing rates on the Company's revolving bank debt; and
- a lower net foreign exchange gain of $5.2 million for the year ended December 31, 2023 compared to a gain of $8.7 million for the year ended December 31, 2022.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Additions to PP&E	$ 97,889	$ 120,926	(23,037)	(19.1%)

Additions to PP&E decreased by $23.0 million to $97.9 million or 7.6% of sales for the fourth quarter of 2023 as compared to $120.9 million or 9.3% in the fourth quarter of 2022, as the Company's capital expenditures program balances out and normalizes after a cycle of significant investment in new program capital and other projects.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	Year ended December 31, 2023	Year ended December 31, 2022	$ Change	% Change
Additions to PP&E	$ 293,098	$ 369,286	(76,188)	(20.6%)

Additions to PP&E decreased by $76.2 million to $293.1 million or 5.5% of sales for the year ended December 31, 2023 compared to $369.3 million or 7.8% of sales for the year ended December 31, 2022, as the Company's capital expenditures program balances out and normalizes after a cycle of significant investment in new program capital and other projects.

General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the years ended December 31, 2023 and 2022 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.

Three months ended December 31, 2023 to three months ended December 31, 2022 comparison

	SALES		OPERATING INCOME*	
	Three months ended December 31, 2023	**Three months ended December 31, 2022**	**Three months ended December 31, 2023**	**Three months ended December 31, 2022**
North America	$ 959,464	$ 984,588	$ 47,081	$ 55,785
Europe	311,034	273,642	6,185	10,939
Rest of the World	34,467	47,575	3,381	3,836
Eliminations	(8,844)	(11,213)	-	-
Adjusted Operating Income			$ 56,647	$ 70,560
Adjustments*	-	-	(28,161)	-
Total	$ 1,296,121	$ 1,294,592	$ 28,486	$ 70,560

** Operating Income for the operating segments has been adjusted for certain items as explained in Table A under "Adjustments to Net Income". Of the $28.2 million adjustment for the fourth quarter of 2023, $3.0 million was recognized in North America and $25.2 million in Europe.*

North America

Adjusted Operating Income in North America decreased by $8.7 million to $47.1 million or 4.9% of sales for the fourth quarter of 2023 from $55.8 million or 5.7% of sales for the fourth quarter of 2022. Adjusted Operating Income as a percentage of sales was negatively impacted by the UAW strike at General Motors, Ford and Stellantis in the United States, which resulted in lost production sales and corresponding contribution during the quarter; operational inefficiencies at certain operating facilities, including costs resulting from a Tier 2 supply chain disruption during the quarter; and higher SG&A expense as a percentage of sales as previously explained. These negative factors were partially offset by productivity and efficiency improvements at certain operating facilities and other improvements.

Europe

Adjusted Operating Income in Europe decreased by $4.7 million to $6.2 million or 2.0% of sales for the fourth quarter of 2023 from $10.9 million or 4.0% of sales for the fourth quarter of 2022. The decrease in Adjusted Operating Income was generally due to lower year-over-year favourable commercial settlements, and operational inefficiencies at certain operating facilities; partially offset by incremental contribution from the higher year-over-year sales, and productivity and efficiency improvements at certain operating facilities and other improvements.

Rest of the World

Adjusted Operating Income in the Rest of the World decreased by $0.4 million to $3.4 million or 9.8% of sales for the fourth quarter of 2023 from $3.8 million or 8.1% of sales for the fourth quarter of 2022, due generally to the negative impact on margins from lower year-over-year production sales, partially offset by higher year-over-year favourable commercial settlements.

Year ended December 31, 2023 to year ended December 31, 2022 comparison

	SALES		OPERATING INCOME*	
	Year ended December 31, 2023	**Year ended December 31, 2022**	**Year ended December 31, 2023**	**Year ended December 31, 2022**
North America	$ 4,022,741	$ 3,558,384	$ 270,060	$ 204,055
Europe	1,204,672	1,055,309	16,897	17,732
Rest of the World	147,559	174,050	10,318	8,332
Eliminations	(34,969)	(30,155)	-	-
Adjusted Operating Income			$ 297,275	$ 230,119
Adjustments*	-	-	(28,161)	(12,340)
Total	$ 5,340,003	$ 4,757,588	$ 269,114	$ 217,779

** Operating Income for the operating segments has been adjusted for certain items as explained in Table B under "Adjustments to Net Income". Of the $28.2 million adjustment for the year ended December 31, 2023, $3.0 million was recognized in North America and $25.2 million in Europe. Of the $12.3 million adjustment for the for year ended December 31, 2022, $4.9 million was recognized in North America and $7.4 million in the Rest of the World.*

North America

Adjusted Operating Income in North America increased by $66.0 million to $270.1 million or 6.7% of sales for the year ended December 31, 2023 from $204.1 million or 5.7% of sales for the year ended December 31, 2022. The increase in Adjusted Operating Income as a percentage of sales was generally due to overall higher production sales volume and corresponding higher utilization of assets; favourable commercial settlements; and productivity and efficiency improvements at certain operating facilities and other improvements. These positive factors were partially offset by higher labour and material costs; operational inefficiencies at certain operating facilities including costs resulting from a Tier 2 supply chain disruption during the fourth quarter of the year; a negative sales mix; higher SG&A expense as a percentage of sales as previously explained; and the impact of material passthrough on customer pricing.

Europe

Adjusted Operating Income in Europe decreased by $0.8 million to $16.9 million or 1.4% of sales for the year ended December 31, 2023 from $17.7 million or 1.7% of sales for the year ended December 31, 2022. The decrease in Adjusted Operating Income was generally due to higher material and energy costs, operational inefficiencies at certain operating facilities, and a negative sales mix; partially offset by favourable commercial settlements; incremental contribution from higher year-over-year sales; and productivity and efficiency improvements at certain operating facilities and other improvements.

Rest of the World

Adjusted Operating Income in the Rest of the World increased by $2.0 million to $10.3 million or 7.0% of sales for the year ended December 31, 2023 from $8.3 million or 4.8% of sales for the year ended December 31, 2022, due to favourable commercial settlements; favourable settlements on indirect tax matters and lower launch related costs; partially offset by the negative impact on margins from lower year-over-year production sales.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	$1,296,121	$1,378,938	$1,361,055	$1,303,889	$1,294,592	$1,194,083	$1,113,875	$1,155,038
Gross Margin	153,228	181,194	173,589	167,386	158,504	152,534	125,789	122,436
Operating Income	28,486	83,015	82,436	75,177	70,560	61,627	45,543	40,049
Adjusted Operating Income	56,647	83,015	82,436	75,177	70,560	69,730	45,543	44,286
Net Income for the period	1,850	53,744	49,900	48,171	46,227	35,932	25,471	25,208
Adjusted Net Income	29,251	53,744	49,900	43,597	46,227	45,072	25,471	24,842
Basic and Diluted Net Earnings per Share	0.02	0.68	0.62	0.60	0.58	0.45	0.32	0.31
Adjusted Basic and Diluted Net Earnings per Share	0.37	0.68	0.62	0.54	0.58	0.56	0.32	0.31

LIQUIDITY AND CAPITAL RESOURCES

On February 23, 2024, subsequent to the year end, 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 facilities, similar to the previous facility.

On June 14, 2023, the Company amended its banking facility to change the interest rate benchmark of the U.S. revolving credit line from London Interbank Offered Rate ("LIBOR") to Term Secured Overnight Financing Rate ("SOFR").

As at December 31, 2023, the Company had drawn US $401 million (December 31, 2022 - US $476 million) on the U.S. revolving credit line and $410 million (December 31, 2022 - $380 million) on the Canadian revolving credit line. As at December 31, 2023, the Company had total liquidity of $429 million, including cash and cash equivalents and availability under the Company's revolving credit lines. 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 $269 million was available as at December 31, 2023. At December 31, 2023, the weighted average effective interest rate of the banking facility credit lines was 7.1% (December 31, 2022 - 6.8%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at December 31, 2023.

On June 27, 2022, the Company finalized a three-year equipment loan in the amount of $5.0 million repayable in monthly installments commencing in 2022 at a fixed annual interest rate of 5.22%.

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:	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Long-term debt	$ 969,236	$ 1,067,973	$ 1,083,161	$ 1,112,455	$ 1,070,368
Less: Cash and cash equivalents	(186,804)	(178,725)	(145,755)	(156,585)	(161,655)
Net Debt	$ 782,432	$ 889,248	$ 937,406	$ 955,870	$ 908,713
Trailing 12-month Adjusted EBITDA	$ 558,224	$ 569,709	$ 548,420	$ 502,724	$ 465,789
Net Debt to Adjusted EBITDA ratio	1.40x	1.56x	1.71x	1.90x	1.95x

Including the impact of IFRS 16:	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Long-term debt	$ 969,236	$ 1,067,973	$ 1,083,161	$ 1,112,455	$ 1,070,368
Lease liabilities	258,976	267,530	262,049	266,969	273,120
	1,228,212	1,335,503	1,345,210	1,379,424	1,343,488
Less: Cash and cash equivalents	(186,804)	(178,725)	(145,755)	(156,585)	(161,655)
Net Debt	$ 1,041,408	$ 1,156,778	$ 1,199,455	$ 1,222,839	$ 1,181,833
Trailing 12-month Adjusted EBITDA	$ 616,678	$ 625,588	$ 602,333	$ 556,013	$ 515,888
Net Debt to Adjusted EBITDA ratio	1.69x	1.85x	1.99x	2.20x	2.29x

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.

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	$ 616,678	$ 625,588	$ 602,333	$ 556,013	$ 515,888
Principal payments of lease liabilities	(47,204)	(45,095)	(43,738)	(43,634)	(41,174)
Interest on lease liabilities	(11,250)	(10,784)	(10,175)	(9,655)	(8,925)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	$ 558,224	$ 569,709	$ 548,420	$ 502,724	$ 465,789

The Company's Net Debt (excluding the impact of IFRS 16) decreased by $106.8 million during the fourth quarter of 2023 to $782.4 million from $889.2 million at the end of the third quarter of 2023 due essentially to Free Cash Flow generated during the quarter and foreign exchange translation. As a result, the Company's Net Debt to Adjusted EBITDA ratio (excluding the impact of IFRS 16) decreased to 1.40x from 1.56x at the end of the third quarter of 2023.

The Company was in compliance with its debt covenants as at December 31, 2023. 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 dividend was paid on April 14, 2020. The Company has 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 December 31, 2023	Three months ended December 31, 2022	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 113,933	$ 154,284	(40,351)	(26.2%)
Change in non-cash working capital items	110,091	14,082	96,009	681.8%
	224,024	168,366	55,658	33.1%
Interest paid	(23,143)	(21,119)	(2,024)	(9.6%)
Income taxes paid	(7,618)	(8,067)	449	5.6%
Cash provided by operating activities	193,263	139,180	54,083	38.9%
Cash used in financing activities	(109,236)	(19,145)	(90,091)	(470.6%)
Cash used in investing activities	(75,259)	(119,638)	44,379	37.1%
Effect of foreign exchange rate changes on cash and cash equivalents	(689)	2,753	(3,442)	(125.0%)
Increase in cash and cash equivalents	$ 8,079	$ 3,150	4,929	156.5%

Cash provided by operating activities during the fourth quarter of 2023 was $193.3 million, compared to $139.2 million in the corresponding period of 2022. The components for the fourth quarter of 2023 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $113.9 million;
- working capital items source of cash of $110.1 million comprised of a decrease in trade and other receivables of $218.0 million, a decrease in inventories of $65.5 million; partially offset by a decrease in trade, other payables and provisions of $172.8 million, and an increase in prepaid expenses and deposits of $0.6 million;
- interest paid of $23.1 million; and
- income taxes paid of $7.6 million.

Cash used in financing activities during the fourth quarter of 2023 was $109.2 million, compared to $19.1 million in the corresponding period of 2022. The components for the fourth quarter of 2023 primarily include the following:

- an $84.6 million net decrease in long-term debt;
- principal payments of lease liabilities of $12.5 million;
- repurchase of common shares under the normal course issuer bid (as described in note 16 of the consolidated financial statements) of $8.2 million; and
- $3.9 million in dividends paid.

Cash used in investing activities during the fourth quarter of 2023 was $75.3 million, compared to $119.6 million in the corresponding period of 2022. The components for the fourth quarter of 2023 primarily include the following:

- cash additions to PP&E of $73.0 million;
- capitalized development costs relating to upcoming new program launches of $2.6 million; and
- an additional investment in AlumaPower Corporation ("AlumaPower") of $1.4 million; partially offset by
- proceeds from the disposal of PP&E of $2.0 million.

Taking into account the opening cash balance of $178.7 million at the beginning of the fourth quarter of 2023, and the activities described above, the cash and cash equivalents balance at December 31, 2023 was $186.8 million.

Cash flow

		Year ended December 31, 2023		Year ended December 31, 2022	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$	607,857	$	523,719	84,138	16.1%
Change in non-cash working capital items		81,659		(145)	81,804	56,416.6%
		689,516		523,574	165,942	31.7%
Interest paid		(96,184)		(63,327)	(32,857)	(51.9%)
Income taxes paid		(82,240)		(22,468)	(59,772)	(266.0%)
Cash provided by operating activities		511,092		437,779	73,313	16.7%
Cash used in financing activities		(180,721)		(41,722)	(138,999)	(333.2%)
Cash used in investing activities		(303,755)		(381,269)	77,514	20.3%
Effect of foreign exchange rate changes on cash and cash equivalents		(1,467)		(6,424)	4,957	77.2%
Increase in cash and cash equivalents	$	25,149	$	8,364	16,785	200.7%

Cash provided by operating activities during the year ended December 31, 2023 was $511.1 million, compared to $437.8 million in the corresponding period of 2022. The components for the year ended December 31, 2023 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $607.9 million;
- working capital items source of cash of $81.7 million comprised of a decrease in trade and other receivables of $90.0 million, a decrease in inventories of $89.0 million, and a decrease in prepaid expenses and deposits of $2.0 million; partially offset by a decrease in trade, other payables and provisions of $99.3 million;
- interest paid of $96.2 million; and
- income taxes paid of $82.2 million.

Cash used in financing activities during the year ended December 31, 2023 was $180.7 million, compared to $41.7 million in the corresponding period of 2022. The components for the year ended December 31, 2023 primarily include the following:

- an $88.8 million net decrease in long-term debt;
- principal payments of lease liabilities of $47.2 million;
- repurchase of common shares under the normal course issuer bid (as described in note 16 of the consolidated financial statements) of $29.1 million; and
- $16.0 million in dividends paid.

Cash used in investing activities during the year ended December 31, 2023 was $303.8 million, compared to $381.3 million in the corresponding period of 2022. The components for the year ended December 31, 2023 primarily include the following:

- cash additions to PP&E of $295.3 million;
- capitalized development costs relating to upcoming new program launches of $8.2 million;
- an additional investment in AlumaPower of $1.4 million; and
- an investment in Equispheres Inc. ("Equispheres") of $1.0 million; partially offset by
- proceeds from the disposal of PP&E of $2.4 million.

Taking into account the opening cash balance of $161.7 million at the beginning of 2023, and the activities described above, the cash and cash equivalents balance at December 31, 2023 was $186.8 million.

Free Cash Flow

		Three months ended December 31, 2023	Three months ended December 31, 2022	$ Change
Adjusted EBITDA		140,080	148,990	(8,910)
Add (deduct):				
Change in non-cash working capital items		110,091	14,082	96,009
Remove impact of restructuring provision*		(25,893)	888	(26,781)
Purchase of property, plant and equipment (excluding capitalized interest)		(72,986)	(119,151)	46,165
Cash proceeds on disposal of property, plant and equipment		1,981	1,218	763
Capitalized development costs		(2,637)	(1,887)	(750)
Upfront recovery of capitalized development costs		-	682	(682)
Interest paid		(23,143)	(21,119)	(2,024)
Income taxes paid		(7,618)	(8,067)	449
Free cash flow*	$	119,875	15,636	104,239

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

Free cash flow for the fourth quarter of 2023 increased year-over-year due largely to an increase in cash provided by non-cash working capital, net of the change in the restructuring provision which is included in working capital, and a decrease in cash purchases of property, plant and equipment; partially offset by a decrease in Adjusted EBITDA, and higher 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 ($47.0) million as at December 31, 2023, a decrease from $3.7 million as at September 30, 2023 and ($8.9) million as at December 31, 2022.

Reconciliation of IFRS “Cash provided by operating activities” to Non-IFRS “Free Cash Flow” for the three months ended December 31, 2023 and 2022:

		Three months ended December 31, 2023	Three months ended December 31, 2022
Cash provided by operating activities		193,263	139,180
Add (deduct):			
Purchase of property, plant and equipment (excluding capitalized interest)		(72,986)	(119,151)
Cash proceeds on disposal of property, plant and equipment		1,981	1,218
Capitalized development costs		(2,637)	(1,887)
Upfront recovery of capitalized development costs		-	682
Restructuring costs		27,266	-
Remove impact of restructuring provision*		(25,893)	888
Unrealized gain on foreign exchange contracts		4,152	3,022
Deferred and restricted share units expense		(4,555)	(4,434)
Stock options expense		(111)	(207)
Pension and other post-employment benefits expense		(1,130)	(884)
Contributions made to pension and other post-retirement benefits		104	168
Net unrealized foreign exchange loss (gain) and other expense (income)		421	(2,959)
Free cash flow*	$	119,875	15,636

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

		Year ended December 31, 2023	Year ended December 31, 2022	$ Change
Adjusted EBITDA		616,678	515,888	100,790
Add (deduct):				
Change in non-cash working capital items		81,659	(145)	81,804
Remove impact of restructuring provision*		(23,397)	(1,195)	(22,202)
Purchase of property, plant and equipment (excluding capitalized interest)		(295,286)	(376,439)	81,153
Cash proceeds on disposal of property, plant and equipment		2,383	3,364	(981)
Capitalized development costs		(8,235)	(7,376)	(859)
Upfront recovery of capitalized development costs		-	682	(682)
Interest paid		(96,184)	(63,327)	(32,857)
Income taxes paid		(82,240)	(22,468)	(59,772)
Free cash flow*	$	195,378	48,984	146,394

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

Free cash flow for the year ended December 31, 2023 increased year-over-year due largely to higher Adjusted EBITDA, a positive year-over-year change in non-cash working capital items, net of the change in the restructuring provision which is included in working capital, and a decrease in cash purchases of property, plant and equipment; partially offset by higher income taxes paid, and higher interest paid on long-term debt.

Reconciliation of IFRS "Cash provided by operating activities" to Non-IFRS "Free Cash Flow" for the year ended December 31, 2023 and 2022:

		Year ended December 31, 2023	Year ended December 31, 2022
Cash provided by operating activities		511,092	437,779
Add (deduct):			
Purchase of property, plant and equipment (excluding capitalized interest)		(295,286)	(376,439)
Cash proceeds on disposal of property, plant and equipment		2,383	3,364
Capitalized development costs		(8,235)	(7,376)
Upfront recovery of capitalized development costs		-	682
Restructuring costs		27,266	7,846
Remove impact of restructuring provision*		(23,397)	(1,195)
Unrealized gain on foreign exchange contracts		3,937	2,114
Deferred and restricted share units expense		(14,060)	(7,072)
Stock options expense		(442)	(773)
Pension and other post-employment benefit expense		(3,217)	(3,452)
Contributions made to pension and other post-retirement benefits		1,990	2,633
Net unrealized foreign exchange gain and other income		(6,653)	(9,127)
Free cash flow*	$	195,378	48,984

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

RISKS AND UNCERTAINTIES

The following risk factors, as well as the other information contained in this MD&A, the AIF (of which the section entitled "Automotive Industry Highlights and Trends" contained in the AIF is incorporated by reference herein), or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The Company's success is primarily dependent upon the levels of car and light truck production by its customers and the relative amount of content the Company has on their various vehicle programs. OEM production volumes may be impacted by many factors including supply chain disruption, general economic and political conditions, interest rates, credit availability, energy and fuel prices, international conflicts, labour relations issues, regulatory requirements, trade agreements, infrastructure considerations, legislative changes, and environmental emissions standards and safety issues.

North American and Global Economic and Political Conditions (including war) and Consumer Confidence

The automotive industry is global, and is cyclical in the fact that it is sensitive to changes in economic and political conditions, including interest rates, inflation, foreign exchange, fuel prices, employment, real estate values, trade issues, international or domestic conflicts or wars or political crises, terrorist activities, developments in global markets, supply chain issues and epidemics or pandemics, for example, the recent Covid-19 Pandemic, and other factors.

The Company operates in the midst of a volatile industry, which in the past has experienced a significant recession, particularly severe in North America and Europe. Current conditions (including those that arose in whole or in part as a result of the COVID-19 Pandemic or any variants, political and civil unrest or wars, inflation, supply chain issues, the global semi-conductor shortage and labour issues) continue or may continue to cause economic uncertainty about the future in different regions. It is uncertain what the Company's prospects will be in the future. While the Company believes it has sufficient liquidity and a strong balance sheet to deal with present economic conditions, lower sales and production volumes in certain areas may occur. It is unknown at this stage what the impact will be of the economic issues, supply chain issues, inflation and global trade or political issues on the automotive industry, including resulting from any changes to trade agreements, tariffs or trade disputes or pandemic or war or threatened or anticipated war or terrorist activities (see "*Trade Policies and Resulting Impact" under "Automotive Industry General", "Changes in Law and Governmental Regulation", "Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks" and "Financial Viability of Suppliers and Key Suppliers*" in the AIF).

The above factors, or a worsening of any of the above factors, new factors and/or other factors may result in lower consumer confidence. Consumer confidence has a significant impact on consumer demand for vehicles, which in turn impacts vehicle production and vehicle sales. A significant decline in vehicle production volumes from current levels could have a material adverse effect on profitability and the Company's financial condition. An economic downturn or other adverse industry conditions that result in even a relatively modest decline in vehicle production levels could reduce the Company's sales and thereby have an adverse impact on the Company's financial condition, results of operations and cash flows. The automotive industry is subject to rapid technological change, vigorous competition, short product life cycles and cyclical consumer demand patterns. When the Company's customers are adversely affected by these factors, the Company may be similarly affected to the extent that the Company's customers reduce the volume of orders for and sales of the Company's products.

Automotive Industry Risks

The automotive industry is generally viewed as highly cyclical. It is dependent on, among other factors, consumer spending and general economic conditions in North America and elsewhere. Future sales and production volumes in our key North American, European and Asian markets are anticipated to be higher in 2024 and beyond relative to 2020 to 2023 levels, though uncertainty remains given the current challenges (including related to economics, conflict or war or terrorist activities, pandemics and supply chain issues), and volume levels can potentially decrease at any time. Increased emphasis on the reduction of fuel consumption, fuel emissions and greenhouse gas emissions could also reduce demand for automobiles overall or specific platforms on which the Company has product. There can be no assurance that North American or European automotive production overall or on specific platforms will not decline in the future or that the Company will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of new automobiles overall or by customer or by customer platform may have a material adverse effect on the Company's financial condition and results of operations and ability to meet existing financial covenants. It is unknown at this stage what impact any of the recent supply chain challenges, inflation, conflict or war, labour shortages or global trade issues will have on the automotive industry, including resulting from any changes to trade agreements, tariffs or trade disputes or political issues or that have arisen from pandemic or pandemic-related events such as the global semi-conductor chip shortage.

Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks

Global pandemics (such as the COVID-19 Pandemic and variants), epidemics or disease outbreaks in North America or globally, as well as hurricanes, earthquakes, tsunamis, snowstorms, or other natural disasters, acts of God or force majeures, could disrupt the Company's business operations, reduce or restrict the Company's supply of materials and services, result in labour shortages and/or

significant costs to protect the Company's employees and facilities, or result in regional or global economic distress, which may materially and adversely affect the Company's business, financial condition, and results of operations. Actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on the Company's business, financial condition, and results of operations and/or that of the OEM, supply chain or automotive industry. Any one or more of these events may impede the Company's production and delivery efforts and adversely affect the Company's sales results, possibly for a prolonged period of time, which could materially and adversely affect the Company's business, financial condition, and results of operations.

Although the COVID-19 Pandemic was declared by the World Health Organization in May, 2023 to no longer be a global emergency, the COVID-19 Pandemic adversely affected many aspects of the Company's business, including production, supply chain (including the global semi-conductor chip shortage and resulting inflation), and sales and delivery, as well as financial results.

The COVID-19 Pandemic (including variants) created disruption to the automotive industry, including through mandatory lockdowns/stay-at-home orders or other restrictions. These orders restricted consumers' ability to purchase vehicles; restricted production and logistics; caused elevated employee absenteeism; resulted in the Company incurring significant unrecoverable costs; and led to supply chain disruptions (and if utilized in future for other pandemics may have similar or different results). Over the medium-to long term, a pandemic may result in societal changes that impact the automotive industry, positively or negatively, including as a result of: expanded work-from-home practices that reduce consumers' reliance on vehicles; and/or increased reluctance by people to utilize modes of public transit and/or shared mobility. Any prolonged production shutdowns and/or restrictions on consumers' ability to purchase vehicles due to any lockdowns changes in consumers' vehicle purchasing behaviour due to a pandemic, could have a material adverse effect on the Company's operations, sales and profitability.

The COVID-19 Pandemic (and variants) had adverse effects on the Company's business, results of operations, cash flows and financial position. The ultimate extent of the impact of any pandemic will depend on various factors, including the possibility of the use of future shutdowns, impact on customers and suppliers, the rate at which economic conditions, operations and demand for vehicles return to pre-pandemic levels, any continued or future governmental orders, including border closures or lockdowns due to any wave of a pandemic and the potential for a recession in key markets due to the effect of a pandemic. Since any pandemic and public response to it may continually evolve and be unique, it may be difficult to accurately assess a pandemic's continued magnitude, outcome and duration or impact on any other area that may affect the Company's business.

Impacts of a pandemic and/or prolonged pandemic (including from any variants) would likely deteriorate economic conditions, resulting in lower consumer confidence or ability to purchase vehicles, which typically translates into lower vehicle sales and production levels, increased costs and inflation; reduce the Company's customers' production volume levels, including as a result of intermittent facility shutdowns and/or temporary shut-downs or slowdowns of one or more of the production lines of the Company or one or more of its customers or suppliers; elevate the financial pressure on or deteriorate the financial condition of the Company's customers or suppliers, which could lead to an OEM insolvency, and would likely increase pricing pressure on the Company; and reduce the Company's production levels, including as a result of intermittent shutdowns of our manufacturing facilities. Additionally, a pandemic or a prolonged pandemic could cause potential shortages of employees to staff the Company's facilities, or the facilities of the Company's customers or suppliers; lead to prolonged disruptions or shortages of critical components (for example as occurred during the global semi-conductor chip shortage) and other supply shortages or disruptions, and could deteriorate the financial condition of the Company's suppliers including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or result in governmental regulation adversely impacting our business or from civil unrest. In addition, certain events may prevent the Company from supplying products to its customers or prevent its customers from being supplied with products necessary for production of vehicles which our products are on, which could result in a range of potential adverse consequences, including business interruption, loss of business and reputational damage. Previous production stoppages related to COVID-19 resulted in, and any pandemic may in the future result in, supply disruptions and shortages globally. A prolonged supply disruption or supply shortage could have a material adverse effect on the Company's business, financial condition, and results of operations.

Any or all of the above impacts of a prolonged pandemic could have a rapid, unexpected and material adverse effect on the Company's business, financial condition and results of operations.

Russia and Ukraine War and Hamas – Israel War

In response to Russia's invasion of Ukraine, a number of countries, including the U.S, Canada, U.K., and European Union member states, have taken actions against Russia, such as: imposition of sanctions targeting certain Russian leadership and other individuals; restrictions on certain sectors of the Russian economy; expulsion of some Russian banks from the SWIFT global banking payment system; and other measures, with further restrictions likely as the conflict continues.

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; redirect ocean vessels to avoid regions of conflict; and supply chain fragility. Any of the foregoing could have an adverse effect on the Company's business and results of operations.

To the extent that any of the Company's OEM customers suspend production elsewhere as a result of either or both of these conflicts, Martinrea's sales would likely be adversely affected. Additionally, the conflicts and restrictive measures against any country could exacerbate a number of risks described elsewhere in these Risk Factors, including: disruption of vehicle production and supply chains, including for any critical component (such as semiconductor chips since Russia and Ukraine are critical suppliers of neon gas and palladium used in chip production); exacerbating energy shortages or driving energy prices higher, particularly oil and natural gas; constraining the supply of aluminum, palladium or other commodity metals required in automotive production; and increasing cybersecurity threats.

Semiconductor Chip Shortages and Price Increases

The global shortage of semiconductor chips had a material adverse effect on global automotive production volumes in the recent past, and may continue to impact volumes in the future should any issue arise that impacts the production and availability of semi-conductor chips. In response to the semiconductor chip shortage, OEMs took actions, and in future may continue to take actions, such as: unplanned shutdowns of production lines and/or plants; reductions in their vehicle production plans; and changes to their product mix. Such OEM responses can result in a number of direct and indirect consequences for Tier One suppliers like Martinrea, including: lower sales; significant production inefficiencies due to production lines being stopped/restarted unexpectedly based on OEMs' production priorities; higher inventory levels; premium freight costs to expedite shipments; other unrecoverable costs; and increased challenges in retaining employees through production disruptions. The shortage of semiconductor chips also resulted in elevated prices for this critical automotive component. Tier One suppliers have faced and may continue to face price increases from sub-suppliers that have been negatively impacted by production inefficiencies, premium freight costs and/or other costs and surcharges related to the semiconductor chip shortage. It remains unclear when supply and demand for automotive semiconductor chips will fully rebalance. A worsening or prolongation of the semiconductor chip shortage could have a material adverse effect on the Company's operations, sales and profitability.

Inflationary Pressures

Global economies have experienced elevated inflation which could curtail levels of economic activity, including in the Company's primary production markets. During the recent past, the Company experienced higher commodity, freight and energy costs, as well as wage pressures related to labour shortages in some markets. Inflationary pressures are expected to continue in 2024 and would likely be exacerbated by shortages or disruptions to inputs required for automotive production, including semiconductor chips, steel and aluminum. Tier One Suppliers may also 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 our customers or modifications to our own products or otherwise, could have an adverse effect on the Company's profitability. OEM customers may also experience inflationary pressure due to wage or other price increases and attempt to pass the increase on to its supply base, including the Company, which may have an adverse effect on the Company's profitability.

Regional Energy Shortages

Parts of the world have experienced and are experiencing energy shortages which may be related to a resurgence in demand due to economic recovery, regulatory restrictions, war, weather events and challenges related to the transition to renewable energy generation.

Prices for energy inputs critical to manufacturing, such as natural gas and electricity, rose dramatically in parts of Europe and Asia in the recent past and may continue to increase in these or other markets. Russia’s invasion of Ukraine has and could continue to disrupt natural gas supplies from Russia to Europe and/or cause elevated prices to rise further. Prolonged energy disruptions and/or significant energy price increases could have an adverse effect on our operations and profitability.

Dependence Upon Key Customers

North America, Europe, Brazil and China are key auto producing regions for us and operating results are primarily dependent on car and light vehicle production in these regions by the Company’s customers. Due to the nature of the Company’s business, it is dependent upon several large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the termination or discontinuation of such customer’s programs without replacement or new business wins or the insolvency of any such customers, reduced sales of automotive platforms of such customers, or shift in market share on vehicles on which the Company has significant content, or inability to increase its market share with existing customers, or a significant or sustained decline in vehicle production volumes in geographic areas in which the Company operates, could significantly reduce the Company’s ongoing revenue and/or profitability, and could materially and adversely affect the Company’s financial condition and results of operations. Although the Company continues to diversify its business, including its product offerings and programs with existing customers, there is no assurance that it will be successful. A loss of any or all of the Company’s top customers’ business would be expected to have a material adverse effect on the Company’s business financial condition.

In addition, a work disruption at one or more of the Company’s customers, including resulting from labour stoppages at, an inability to get critical components or supplies from or insolvencies of, or other issues at, key suppliers to such customers or an extended customer shutdown (scheduled or unscheduled, including as a result of a pandemic or epidemic, such as the COVID-19 Pandemic (including from any variant), a strike such as the UAW strike in 2023, or other supply chain disruption) could have a significant impact on the Company’s revenue and/or profitability. The Company’s largest North American customers typically halt production for approximately two weeks in July and one week in December. These typically seasonal shutdowns could cause fluctuations in the Company’s quarterly results.

Financial difficulties experienced by any major customer could have a material adverse effect on the Company if such customer were unable to pay for the products the Company provides or the Company experiences a loss of, or material reduction in, business from such customer. As a result of such difficulties, even where the Company is considered a key or critical supplier, the Company could experience lost revenues, significant write-offs of accounts receivable, significant impairment charges or additional restructurings, sometimes significantly, from year-to-year, which, in turn, causes fluctuations in the demand for the Company’s products.

The Company is dependent on the continued growth, viability and financial stability of its OEM customers. Demand for the Company’s products is directly related to consumer demand for new vehicles containing the Company’s products and production levels of the Company’s OEM customers. The level of new vehicle purchases is affected by factors such as consumer preferences, consumer spending patterns, used car pricing relative to new car pricing and the vehicle replacement cycle. The Company’s OEM customers continually adjust their production of new vehicles in response to such conditions. The mix of vehicle offerings by the Company’s OEM customers impacts the Company’s sales. A decrease in consumer demand (for whatever reason) for specific types of vehicles where the Company has traditionally provided significant components could have a significant effect on the Company’s business and financial condition and profitability. For example, a decrease in market demand for light trucks, or a decrease in OEM customer offerings in this vehicle segment, or a decrease in the demand for EVs where the Company has content, could adversely impact the Company’s ability to maintain or increase its revenues. In addition, the Company’s sales of products in the regions in which its customers operate also depend on the success of such customers in those regions. The Company’s North American business is currently highly leveraged toward SUVs, CUVs and pick-up trucks; therefore, a change in consumer preferences or a decrease in consumer demand for these vehicles in North America, for example, resulting from factors such as increases in energy and fuel prices, legislative changes or changes in environmental emission standards or other regulations, may cause a related decrease in OEM production volumes. A decrease in the Company’s OEM customers’ production volumes for these vehicles, as a result of any one or more of these factors or any other factors, could have a material adverse effect on the Company’s business, profitability, financial condition and/or results of operations. If the Company is unsuccessful or is less successful than its competitors in adjusting to its customers’ needs when responding to such conditions, the Company may be placed at a competitive disadvantage, which could have a material adverse effect on the Company’s business, profitability, financial condition and/or results of operations.

Customer Consolidation and Cooperation

There have been a number of examples of OEM consolidation in recent years, including the 2021 merger of PSA Group and Fiat Chrysler Automobiles to form Stellantis. Additionally, competing OEMs are increasingly cooperating and collaborating in different ways to save costs, including through joint purchasing activities, platform sharing, powertrain sharing, joint R&D and regional joint ventures. While OEM consolidation and cooperation may present opportunities, they also present a risk that the Company could lose future business or experience even greater pricing pressure on certain production programs, either of which could have an adverse effect on our profitability.

Emergence of Potentially Disruptive EV OEMs

With the accelerating trend toward vehicle electrification, a number of potentially disruptive, EV-focused OEMs have emerged, particularly in China. It is too early to predict which of these emergent EV-focused OEMs will succeed in the long-term, whether independently or through cooperative relationships with each other or with any of our traditional OEM customers. Vehicle electrification is an important component of the Company's strategy. While the Company is developing business relationships with some of the emergent EV-focused OEMs, the Company does not have relations with all, nor are such relationships as well established as those with the Company's traditional customers. The failure to sufficiently grow the Company's sales to emergent OEMs which achieve significant commercial success could adversely impact the Company's long-term strategy. At the same time, conducting business with recently established OEMs poses risks and challenges, including due to their limited operating history and/or financial, capital or other resources, which may elevate counterparty risk. Additionally, there is uncertainty regarding consumer/market acceptance of the vehicles of such new OEMs. It remains too early to determine whether the Company's commercial experience with such emergent EV-focused OEMs will be similar to our experience with established OEMs.

Outsourcing and Insourcing Trends

The Company is dependent on the outsourcing of components, modules and assemblies by OEMs. The extent of OEM outsourcing is influenced by a number of factors, including relative cost, quality and timeliness of production by suppliers as compared to OEMs, capacity utilization, and labour relations among OEMs, their employees and unions. As a result of any favourable terms in collective bargaining agreements that may lower cost structures, OEMs may insource some production which had previously been outsourced, or not outsource production which may otherwise be outsourced at some point. Outsourcing of some assembly is particularly dependent on the degree of unutilized capacity at the OEMs' own assembly facilities, in addition to the foregoing factors. A reduction in outsourcing by OEMs, or the loss of any material production or assembly programs coupled with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on profitability.

Financial Viability of Suppliers and Key Suppliers and Supply Disruptions (Material Availability or Disruption)

The Company relies on a number of suppliers to supply a wide range of products and components required in connection with the business. Economic conditions, including trade volatility, production volume cuts, intense pricing pressures, increased commodity prices or inflation, labour availability and a number of other factors including acts of God (including fires, hurricanes, earthquakes, snowstorms, whether as a result of climate change or otherwise, pandemics or epidemics such as the COVID-19 Pandemic) and scarcity of raw materials or other critical components (such as the global semi-conductor chip shortage, global port backlogs and container shortages or driven by the increased demand associated with the growth of innovative products such as lithium or graphite in batteries) or supplies required by the Company's OEM customers or anything that results in supply disruption can result in many automotive suppliers experiencing varying degrees of financial distress. In addition, pandemics or epidemics such as the recent COVID-19 Pandemic, any political or civil unrest or war or terrorist activity or supply shortage, such as the global semi-conductor chip shortage or disruption may have a material adverse impact on automotive suppliers and the supply chain. The continued financial distress or the insolvency or bankruptcy of any supplier, or reduction or change in the supply of critical or key components of any such supplier or inflationary price increases or other difficulties could disrupt the supply of products, materials or components to Martinrea or to customers, potentially causing the temporary shut-down of the Company's or customers' production lines or result in a loss of or decrease in production volume. Martinrea has experienced supply disruptions of varying natures in the past (including in cases where an equipment supplier has gone out of business, the COVID-19 Pandemic, including resulting semi-conductor chip shortages and conflict or an act of God) which has resulted in the shortage of a key commodity, supply or service.

There is a risk some suppliers or sub-suppliers may not have adequate capacity to timely accommodate increases in demand for their products which could lead to production disruption for the customer. Some of the Company's suppliers or sub-suppliers may not be able to handle the commodity cost volatility and/or sharply changing volumes and/or labour disruption, and/or any sustainability or other government regulation while still performing as expected. To the extent the Company's suppliers or sub-suppliers experience supply disruptions, there is a risk for delivery delays, production delays, production issues or delivery of non-conforming products by suppliers. To the extent the Company's customers experience supply chain disruptions, there is a risk for production delays or production issues which could result in production slowdowns, adjustments to customers' production plans and/or prioritization of certain vehicle models and a reduction of demand for the Company's products. Even where these risks do not materialize, the Company may incur costs as it tries to make contingency plans for such risks. Any prolonged disruption in the supply of critical components, to the Company, its suppliers, customers or within the industry generally, the inability to re-source production of a critical component from a distressed automotive components sub-supplier, or any temporary shut-down of production lines or the production lines of a customer, could have a material adverse effect on operations or profitability or financial condition.

Additionally, the insolvency, bankruptcy, financial restructuring or force majeure event or events which do not qualify as force majeure events but lead to potential supply chain disruptions or delays, of any critical suppliers of the Company or its customers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers, the expedited freight costs or resourcing costs of such suppliers, and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts, each of which could have an adverse effect on the Company's profitability. Although the Company is generally able to substitute suppliers for raw materials and components without incurring material short term costs, in some cases, it could be difficult and expensive and take significant time or cause significant delays for the Company to change suppliers. If any of the Company's suppliers are acquired by its competitors, consolidate with other suppliers or are acquired by other companies with whom the Company does not have existing or longstanding relationships, the Company may have less alternatives for suppliers and could experience even greater pricing pressure on certain components and raw materials required in the Company's products, lose the ability to source components and raw materials from certain suppliers or lose its status as a critical or preferred customer of such suppliers, each of which could have an adverse effect on the Company's profitability. The loss of or damage to the Company's relationships with its suppliers or any delay in receiving raw materials and components could impair the Company's ability to timely deliver good quality products to its customers, require the Company to incur additional expenses and delays to complete revalidation of a substitute supplier and result in the loss of or damage to the Company's relationships with its customers, and, accordingly, could have a material adverse effect on the Company's business, financial condition and results of operations. Also see "*Risks: Dependence Upon Key Customers" and "Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues*".

The Company currently depends on key machinery and tooling used to manufacture components and as such its manufacturing processes are vulnerable to operational problems and installation delays that can impair its ability to manufacture its products in a timely manner. The Company's facilities contain sophisticated machinery and tooling that are used in its manufacturing processes that are complex, cannot be easily replicated, have a long lead-time to manufacture and assemble, and require experienced tradespersons and operators. If there is a breakdown in such machinery and tooling, and the Company or its service providers are unable to repair in a timely fashion, obtaining replacement machinery or rebuilding tooling could involve significant delays and costs, and may not be available to the Company on reasonable terms. If the Company or its service providers are unable to repair the Company's equipment or tooling, in some cases, it could take several months, or longer, for a supplier to begin providing machinery and tooling to specification. Any disruption of machinery and tooling supply chain, or the Company's ability to service or repair key machinery and tooling, could result in lost or deferred sales and customer charges or cause the Company to incur significant costs and / or delays, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition

The automotive supply industry is highly competitive. Some of the Company's competitors have substantially greater financial, marketing and other resources and higher market share than the Company in certain products or geographic areas. The Company's competitors include a number of domestic and international suppliers, some of which have established strong relationships with OEMs. The Company's competitors may develop products that are superior to those of the Company, establish manufacturing facilities that are more logistically competitive than the Company's locations, produce similar products at a lower cost or adapt more quickly than the Company does to new technologies or evolving customer requirements. Competition can lead to price reductions, reduced margins,

losses, and an inability to gain or hold market share. As the markets for the Company's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Company's products. There can be no assurance that the Company will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors. Failure to do so, including failure to grow the Company's EV content, could affect the Company's ability to fully implement its corporate strategy.

Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders

Given the current trends in the automotive industry, the Company faces ongoing pricing pressure from OEMs, including through: quoting pre-requirements; long-term supply agreements with mutually agreed price reductions over the life of the agreement; non-contractual annual price concession demands; continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling; and OEM refusal to fully offset inflationary or material price increases in addition to items previously paid for directly by OEMs. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. OEMs possess significant leverage over their suppliers due to their purchasing power, continuing industry consolidation, and the highly competitive nature of the automotive supply industry. OEM customers may be able to exert greater leverage over the Company as compared to its competitors. The Company attempts to offset price concessions and costs in a number of ways, including through negotiations with OEM customers, improved operating efficiencies and cost reduction efforts. The Company's inability to fully offset price concessions, absorb design, engineering and tooling costs, and / or fully recover such costs over the life of production, could have a material adverse effect on its profitability. Contract volumes for customer programs not yet in production are based on the Company's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays or other issues, often without any compensation to the supplier by its OEM customer.

Typical purchase orders issued by customers do not require they purchase a minimum number of the Company's products. For programs currently under production, the Company is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage or for material changes in market conditions. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Company may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Company's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Company's products. Either of these factors could have an adverse effect on the Company's profitability. While it is generally the case that once the Company receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Company for a variety of reasons, including the Company's refusal to accept demands for price reductions or other concessions or the Company could cease doing business with a customer for unreasonable contracts. If a purchase order is terminated, the Company may have various pre-production, tooling, engineering and other costs which it may not recover from its customer and which could have an adverse effect on the Company's profitability. See also "Quoting/Pricing Assumptions" below.

Material and Commodity Prices and Volatility

Prices for, and sometimes availability of, key raw materials and commodities used in parts production, particularly aluminum, steel, resin, paints, chemicals and other raw materials, as well as energy prices, have proven to be volatile at certain times. The costs of these raw materials are subject to inflationary and market pricing pressures and, as such, have fluctuated over the past several years. Such additional commodity costs could have a material adverse effect on profitability. These pricing pressures put significant operational and financial burdens on the Company and its suppliers. A supplier's inability to manage raw material cost increases or availability may lead to delivery delays, additional costs, production issues or quality issues. In the past, the Company and the industry experienced steel and aluminum tariffs imposed by the U.S. and Canada, among others, in the context of trade negotiations. Martinrea has attempted to mitigate its exposure to price changes of key commodities, particularly steel, aluminum and scrap (including through participation in steel resale programs or price adjustment mechanisms and, in the case of tariffs, largely through obtaining tariff relief in most cases); however, to the extent the Company is unable to fully do so through engineering products with reduced commodity content, by passing commodity price increases to customers, by avoiding tariffs or otherwise, such additional commodity costs could have a material adverse effect on profitability. Increased energy prices also have an impact on production or transportation costs which in turn could affect competitiveness.

Scrap Steel/Aluminum Price Volatility

Some of the Company's manufacturing facilities generate a significant amount of scrap steel or scrap aluminum in their manufacturing processes, but the Company can recover some of the value through the sale of such scrap. Scrap steel and scrap aluminum prices can also be volatile and do not necessarily move in the same direction as steel or aluminum prices. Declines in scrap steel/aluminum prices from time to time could have an adverse effect on the Company's profitability.

Quote/Pricing Assumptions

The time between award of new production business and start of production typically ranges between two and four years. Since product pricing is typically determined at the time of award, the Company is subject to significant pricing risk due to changes in input costs and quote assumptions, such as from inflation, between the time of award and start of production. The risk is elevated in a rising inflationary environment. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have an adverse effect on the Company's profitability.

The realization of incremental revenues from awarded business is inherently subject to a number of risks and uncertainties, including estimates with respect to vehicle production levels on new and replacement programs, customer price reductions, currency exchange rates and the timing of program launches (which may be delayed by the customer). There is typically a lead time, which can be significant, from the time an OEM customer awards the Company a program until the program is launched and the Company begins production of vehicles within such program. In many cases, the Company must commit substantial resources in preparation for production under awarded business well in advance of the customer's production start date. Furthermore, the Company relies on longer-term forecasts from its customers to plan its capital expenditures. If these forecasts prove to be inaccurate, either the Company may have spent too much on capacity growth for unrealized production demand, which could require the Company to consolidate facilities and leave the Company unable to recover pre-production costs, or the Company may have invested too little on capital expenditures for capacity growth, in which case the Company may be unable to satisfy customer demand, either of which could have a material adverse effect on the Company's business. The Company typically enters into agreements for its customers' purchasing requirements for the entire production life of the program (and the vehicles forming part of the program). However, industry standard terms typically contain certain provisions that allow the customer to cancel the contract for convenience. The Company's ability to obtain compensation from its customers for such cancellation, if the cancellation is through no fault of the Company, is generally limited to the direct costs it has incurred for raw materials and work-in-process and, in certain instances, unamortized investment costs. In addition, industry conditions and competition could lead the Company's customers to attempt to reduce fixed costs, including through facility closures or relocations. Facility closures or relocations relating to vehicle models for which the Company is a significant supplier could reduce the Company's sales and result in losses and impairments with respect to certain of the Company's Products and programs. If the Company does not realize all of the sales expected from awarded business, it could have a material adverse effect on its business, financial condition and results of operations.

OEM contracts are one sided as many OEMs seek to shift risk and cost to the supplier base, and it is increasingly difficult to pass on higher costs arising due to inflation or other unforeseen events that did not exist at the time of the quote.

Launch Costs, Operational Costs and Issues and Cost Structure

There are many factors that could affect the Company's ability to manage its cost structure that the Company is not able to control, including the need for unexpected significant capital expenditures and unexpected changes in commodity or component pricing that the Company is unable to pass on to its suppliers or customers. As a result, the Company may be unable to manage its operations to profitably meet current and expected market demand. Further, the Company operates in a capital-intensive industry. The Company's inability to maintain its cost structure could adversely impact the Company's operating margins and results of operations.

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Company and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs were incurred by the Company in recent years.

The Company's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner, or which may not be performing at expected levels of profitability. The Company's facilities contain complex and sophisticated machines that are used in its manufacturing processes. The Company has in the past experienced equipment failures and could experience equipment failure in the future due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability.

From time to time, the Company may have some operating divisions which are not performing at expected levels of profitability. The complexity of automotive manufacturing operations often makes it difficult to achieve a quick turnaround of underperforming divisions. Significant underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations. To compete effectively in the automotive supply industry, the Company must be able to launch new products to meet its customers' demands in a timely manner. The Company cannot ensure, however, that it will be able to install and validate the equipment needed to produce products for new customer programs in time for the start of production or that the transitioning of its manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at its facilities. In addition, the Company cannot ensure that its customers will execute on schedule the launch of their new product programs, for which the Company might supply products. The Company may fail to successfully launch or be affected by its customers' delay in introducing new programs, and its customers may fail to successfully launch new programs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Fluctuations in Operating Results

The Company's operating results have been and are expected to continue to be subject to quarterly and other fluctuations due to a variety of factors including changes in purchasing patterns, production schedules of customers (which tend to include a shutdown period in each of July and December), pricing policies, launch costs, or operational (or equipment or systems) failures, or product introductions by competitors. This could affect the Company's ability to finance future activities. Operations could also be adversely affected by general economic downturns, an economic shock not contemplated in our business plan, a rapid deterioration of conditions or limitations on spending. The occurrence of or a prolonged recession could result in the depletion of our cash resources, which could have a material adverse effect on our operations and financial condition.

Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk

Automobile manufacturers are increasingly requesting that each of their suppliers bear costs of the repair and replacement of defective products which are either covered under an automobile manufacturer's warranty or are the subject of a recall by the automobile manufacturer and which were improperly designed, manufactured or assembled by their suppliers.

The Company's customers and/or government regulators have the ability to initiate recalls of safety products, which will also place us at risk for the administrative costs of the recall, even in situations where the Company may dispute the need for a recall or the responsibility for any alleged defect. An increase in the number of repair/replacement claims could lead to higher self-insured retentions and reduced insurance coverage limits. The obligation to repair or replace defective products could have a material adverse effect on our operations and profitability. To the extent such obligation arises as a result of a product recall, the Company may face reputational damage, and the combination of administrative and product replacement costs could have a material adverse effect on the Company's profitability.

In certain circumstances, the Company is at risk for warranty, product liability and recall costs, and are currently experiencing increased customer pressure to assume greater warranty responsibility. Certain customers seek to impose partial responsibility for warranty costs where the underlying root cause of a product or system failure cannot be determined. Warranty provisions for the Company's products are based on its best estimate of the amounts necessary to settle existing or probable claims related to product defects. In addition, warranty provisions may also be established on the basis of our or the Company's customers' warranty experience with the applicable type of product and, in some cases, the terms in the applicable customer agreements. Actual warranty experience which results in costs that exceed our warranty provisions, could have a material adverse effect on our profitability.

Historically, there have been significant product recalls by some of the world's largest vehicle manufacturers. Recalls may result in decreased vehicle production because of a manufacturer focusing its efforts on the problems underlying the recall rather than generating new sales volume. In addition, reputational damage with consumers may occur and consumers may elect not to purchase

vehicles manufactured by the vehicle manufacturer initiating the recall, or by vehicle manufacturers in general, while the recalls persist. Any reduction in vehicle production volumes, especially by the Company's OEM customers, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company does not maintain insurance for product recall matters; as such insurance is not generally available on acceptable terms. The obligation to repair or replace such parts under warranty or recall, or a requirement to participate in a product recall, even where the Company disputes the need for a recall or the responsibility for any alleged defect, could have a material adverse effect on the Company's operations and financial condition. Actual warranty experience which results in costs that exceed the Company's warranty provisions could have a material adverse effect on the Company's profitability. Furthermore, if the Company experienced a product recall, such product recall may harm the Company's relationship with its customers and/or the Company may face reputational damage.

The Company cannot guarantee that the design, engineering, testing, validation and manufacturing measures it employs to ensure high-quality products will be completely effective, particularly as product complexity increases. In the event that its products fail to perform as expected and such failure results in, or is alleged to result in, bodily injury and / or property damage or other losses, product liability claims may be brought against the Company. The defense of product liability claims, particularly class action claims in North America, may be costly and judgments against the Company could impair its reputation and have a material adverse effect on profitability.

Product Development and Technological Change (Including Artificial Intelligence)

The automotive industry is characterized by rapid technological change and frequent new product introductions. Price pressure downward by customers and unavoidable price increases from suppliers can have an adverse effect on the Company's profitability. Accordingly, the Company believes that its future success depends upon its ability to enhance manufacturing techniques offering enhanced performance and functionality at competitive prices, and delivering lightweighting and other products or systems that will enable it to continue to have content on the cars of the future (including for example, electric and autonomous vehicles). The Company's inability, for technological or other reasons, to enhance operations in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent workforce and to adapt to technological changes and advances in the industry (including as may arise from the use of artificial intelligence), including providing for the continued compatibility of its products with evolving industry standards and protocols. There can be no assurance that the Company will be successful in its efforts in these respects. Artificial intelligence has been used in automotive manufacturing in the past, but has been recently more frequently discussed in general, in terms of the risks and opportunities arising from the use of generative artificial intelligence. While the Company adopts technology it believes appropriate, the use of generative artificial intelligence, and the regulatory framework is evolving and as it evolves, our business, financial condition and results of operations may be adversely effected. As the Company pursues its strategy to grow through acquisitions and/or to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies, resulting in a larger technological presence, utilization of "cloud" computing services, and corresponding exposure to cybersecurity risk. Certain new technologies, such as use of autonomous vehicles, remote-controlled equipment, automation and artificial intelligence, present new and significant cybersecurity safety risks that must be analyzed and addressed before implementation. If the Company fails to assess and identify cybersecurity risks associated with acquisitions and new initiatives, the Company may become increasingly vulnerable to such risk.

A Shift Away from Technologies in Which the Company is Investing

The Company continues to invest in technology and innovation (including using artificial intelligence as it determines appropriate) which the Company believes will be critical to its long-term growth, however, the automotive industry is experiencing rapid technological change and significant disruption. Changes in legislative, regulatory or industry requirements or in competitive technologies, including manufacturing processes, may render certain of the Company's products obsolete or less attractive or may result in the Company's operations not being cost-competitive. The Company's ability to anticipate changes in technology and trends and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in its ability to remain competitive. If the Company is unsuccessful or is less successful than its competitors in consistently developing innovative products, processes and / or use of materials, the Company may be placed at a competitive disadvantage, which could have a material adverse effect on the Company's business, financial condition and results of operations. If there is a shift away from the use

of technologies in which the Company is investing, or a change in trends its costs may not be fully recovered. In addition, the Company may be placed at a competitive disadvantage if other technologies in which the investment is not as great, or the Company's expertise is not as developed, emerge as the industry-leading technologies. This could have a material adverse effect on the Company's profitability and financial condition.

Dependence Upon Key Personnel

The success of the Company is dependent on the services of a number of the members of its senior management, who set the culture, hire the talent, provide strategic direction, oversee operational excellence and drive financial discipline of the Company. The experience and talents of these individuals has been and will be a significant factor in the Company's continued success and growth. The loss of one or more of these individuals without adequate replacement measures could have a material adverse effect on the Company's operations and business prospects. The Company does not currently maintain key person insurance.

The Company's business depends on its ability to attract, develop and retain experienced and highly skilled personnel at all levels of the Company. Such personnel are in high demand in the areas in which the Company competes, and competition for their services is intense. As a result of the rapid changes and the intense competition in the automotive industry, the Company has a growing need for skilled people and the Company may face substantial competition for such personnel, from traditional and less traditional sources. The inability to attract and retain highly-skilled personnel could have an adverse effect on the Company's operations and profitability and its ability to fully implement its business strategy.

Additionally, effective succession planning programs and practices are a critical element of the Company's overall talent management strategy. The Company maintains a leadership development and succession program that has facilitated seamless leadership transitions to date. However, the failure to ensure effective knowledge transfers and seamless leadership transitions involving key professionals and leaders could also impact the Company's ability to profitably conduct business and/or effectively implement the Company's strategy.

Limited Financial Resources/Uncertainty of Future Financing/Banking

The Company is engaged in a capital-intensive business and its financial resources are less than the financial resources of some of its competitors. There can be no assurance that, if, as and when the Company seeks additional equity or debt financing, or other forms of financing, the Company will be able to obtain the additional financial resources required to successfully compete in its markets on favourable commercial terms or at all. Additional equity financings may result in substantial dilution to existing shareholders.

The Company's existing debt facilities must be renewed on a periodic basis. There is no assurance the Company will be able to renew such facilities on competitive terms or at all. These facilities may contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. Interest rate fluctuations, financial market volatility and global credit market disruptions have made, and may continue to make, it difficult for companies to raise and maintain necessary operating liquidity. While the Company believes it has sufficient liquidity to operate, there can be no assurance that the Company will continue to have such ability.

The Company's working capital requirements can vary significantly depending, in part, on the level, variability and timing of the worldwide vehicle production of its OEM customers and the payment terms with customers and suppliers. The Company's liquidity could be adversely impacted if circumstances arose causing its suppliers to suspend trade credit terms and require payment in advance or payment upon delivery. If sufficient funds are not otherwise available to the Company from its credit facilities, the Company may need to seek additional capital, through debt or equity financings, to fund its business. Conditions in the credit markets (such as availability of finance and fluctuations in interest rates) may make it difficult for the Company to obtain such financing on attractive terms or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital stock, make investments and engage in merger, consolidation and asset sale transactions. Many of the Company's customers and suppliers require significant financing to operate their businesses. Longer-term disruptions in the credit markets could further adversely affect the Company's customers by making it increasingly difficult for them to obtain financing for their businesses or for consumers to obtain financing for vehicle purchases. If capital is not available to the Company's customers and

suppliers, or if its cost is prohibitively high, their businesses would be negatively impacted, which could result in their restructuring or even reorganization or liquidation under applicable bankruptcy laws. As a result, the need of the Company's customers for, and their ability to purchase, the Company's products may decrease, and the Company's suppliers may increase their prices, reduce their output or change their terms of sale. Any inability of the Company's customers to pay for the Company's products and services, or any demands by suppliers for different payment terms, could have a material adverse effect on the Company's business, financial condition and results of operations.

The occurrence of an economic shock not contemplated in the Company's business plan, a rapid deterioration of conditions or a prolonged recession could result in the depletion of the Company's cash resources, which could have a material adverse effect on its operations and financial condition.

In recent years, the Company has invested significant amounts of money in its business through capital expenditures to support new facilities, expansion of existing facilities, purchases of production equipment and acquisitions. Returns achieved on such investments in the past are not necessarily indicative of the returns the Company may achieve on future investments and its inability to achieve returns on future investments which equal or exceed returns on past investments could have a material adverse effect on our level of profitability.

Cybersecurity Threats

The Company relies upon IT networks and systems to process, transmit and store electronic information, and to manage or support a variety of business processes or activities. Additionally, the Company and certain of its third-party vendors collect and store personal information in connection with human resources operations and other aspects of the Company's business. The secure operation of these IT networks and systems and the proper processing and maintenance of this information are critical to the Company's business operations. The reliability and security of the Company's information technology (IT) systems is important to the Company's business and operations. Although the Company has established and continues to enhance security controls intended to protect the Company's IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyber-attacks (including from the use of artificial intelligence in these attacks) and the Company's IT systems are at risk to damages from computer viruses, unauthorized access, cyber-attack and other similar disruptions. The occurrence of any of these events could compromise the Company's networks, and the information stored there could be accessed, publicly disclosed or lost. A significant breach of the Company's IT systems could, among other things, cause disruptions in the Company's manufacturing operations (such as operational delays from production downtime, inability to manage the supply chain or produce product for customers, disruptions in inventory management), lead to the loss, destruction, corruption or inappropriate use of sensitive data, including employee information, result in lost revenues due to theft of funds or due to a disruption of activities, including remediation costs, or from litigation, fines and liability or higher insurance premiums, the costs of maintaining security and effective IT systems, which could negatively affect results of operations and the potential adverse impact of changing laws and regulations related to cybersecurity or result in theft of the Company's, its customers' or suppliers' intellectual property or confidential information. If any of the foregoing events (or other events related to cybersecurity) occurs, the Company may be subject to a number of consequences, including reputational damage, a diminished competitive advantage and negative impacts on future opportunities which could have a material adverse effect on the Company. In addition, any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, the disruption of the Company's operations or damage to the Company's reputation. The Company may also be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. Any of these issues could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure, disruption or breach of the Company's IT networks and systems could compromise the integrity or confidentiality of the Company's customers' information. Any actual or perceived failure, disruption or breach of the Company's IT networks and systems could materially impair our reputation and cause the Company to lose customers or revenue, or become subject to litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business. Any failure or perceived failure to protect the Company's customers' information could have a material adverse effect on the Company's business, financial condition and results of operations.

The development, adoption, and use for generative AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by the Company or third-party developers or vendors could result in unintended consequences. For example, AI algorithms that the Company uses may be flawed or may be based on datasets that are biased or insufficient. Developing, testing, and deploying resource-intensive AI systems may require additional investment and increase the Company's costs. There are significant risks involved in development and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. It is not possible to predict all of the risks related to the use of AI and changes in laws, rules, directives, and regulations governing the use of AI may adversely affect the Company's ability to develop and use AI or subject the Company to legal liability

Acquisitions

The Company may grow through acquisitions of complementary businesses, products or technologies, or by entering into joint ventures. The Company has acquired and anticipates that it will continue to acquire complementary businesses, assets, technologies, services or products, at competitive prices. The Company intends to continue to pursue acquisitions in those product areas which we have identified as key to the Company's long-term business strategy. However, as a result of intense competition in these strategic areas, the Company may not be able to acquire the targets needed to achieve its strategic objectives or certain of its suppliers or sub-suppliers could be acquired, including by the Company's key competitors, which could have a negative impact on the Company's business and strategy.

The completion of such transactions poses additional risks to the Company's business. Acquisitions or strategic alliances are subject to a range of inherent risks, including the difficulties in the integration of the acquired businesses or incorporating joint ventures; uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses of, acquisition candidates; the assumption of unknown liabilities, including assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks and undisclosed risks impacting the target; adverse effects on existing customer and supplier relationships; integration of internal controls; entry into markets in which the Company has little or no direct prior experience; the potential loss of key customers, management and employees of an acquired business; potential integration or restructuring costs; the ability to achieve operating and financial synergies; unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the Company's rationale for pursuing the acquisition or joint venture. Although the Company seeks to conduct appropriate levels of due diligence on acquisition targets, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations in the due diligence process. Additionally, the Company may identify risks and liabilities that cannot be sufficiently mitigated through appropriate contractual or other protections. The realization of any such risks could have a material adverse effect on the Company's operations or profitability. The Company also may not be able to successfully integrate or achieve anticipated synergies from acquisitions and/or such acquisitions may be dilutive in the short to medium term. Either of these outcomes could have a material adverse effect on the Company's profitability.

The occurrence of any one or more of these factors could cause the Company not to realize the benefits anticipated to result from an acquisition or a joint venture, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Joint Ventures

The Company has in the past and may from time to time conduct certain of its operations through joint ventures under contractual arrangements under which it shares management responsibilities with one or more partners. Certain of the Company's future cash flows and earnings and its results of operations and financial condition may in part depend on the Company retaining its ownership interests in its joint venture investments. Joint venture operations carry a range of risks, including those relating to: failure of a joint venture partner to satisfy contractual obligations; potential conflicts between the Company and the joint venture partner; strategic objectives of joint venture partner(s) that may differ from the Company's; potential delays in decision-making; a more limited ability to control legal and regulatory compliance within the joint venture(s); and other risks inherent to non-wholly-owned operations. The likelihood of such occurrences and potential effect on the Company may vary depending on the joint venture arrangement; however, the occurrence of any such risks could have an adverse effect on the Company's operations, profitability and reputation.

Private or Public Equity Investments in Technology Companies

In addition to the Company's development activities, the Company has invested in other companies. Such investments are an important element of the Company's long-term strategy and the Company may make further private or public equity investments in such companies. Investing in such companies involves a high degree of risk, including the potential loss of some or all of the investment value. In addition, where there is no public market for the shares of the investments in start-ups, the Company may be unable to monetize its equity investments in the future. Investments in companies or funds which are currently or subsequently become publicly traded are marked-to-market quarterly, which may result in the Company recording unrealized gains or losses in any given quarter.

Potential Tax Exposures

The Company may incur losses in some countries, which it may not be able to fully or partially offset against income the Company has earned in those countries. In some cases, the Company may not be able to utilize these losses at all if the Company cannot generate profits in those countries and/or if the Company has ceased conducting business in those countries altogether. The Company's inability to utilize material tax losses could materially adversely affect its profitability. At any given time, the Company may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, the manner in which it conducts its business or the marketability of any of its products. The geographic scope of the Company's business requires the Company to comply with the tax laws and regulations of multiple jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to inadvertently fail to comply. In the event the Company was to inadvertently fail to comply with applicable tax laws, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

The taxation system and regulatory environment in some of the jurisdictions in which the Company operates are characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various regulatory authorities and jurisdictions that are empowered to impose significant fines, penalties and interest charges. The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo tax authorities for certain historical value added tax credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. Although the Company believes that it has complied in all material respects with the legislation in Brazil and has obtained legal advice to such effect there is no assurance that the Company will be successful with respect to such assessment (see Note 23 to the Company's consolidated financial statements for the year ended December 31, 2023). 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 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 (see Note 23 to the Company's consolidated financial statements for the year ended December 31, 2023). To the extent the Company cannot implement measures to offset this and other tax exposures, it may have a material adverse effect on the Company's profitability (see "Legal Proceedings" in the AIF).

Potential Rationalization Costs, Turnaround Costs and Impairment Charges

The Company has incurred restructuring costs over the past several years, sometimes in conjunction with the cancelation of a customer program or the closing of a customer plant. In response to the increasingly competitive automotive industry conditions, it is likely that the Company will continue to rationalize some production facilities and close high cost or less efficient manufacturing facilities from time to time. In the course of such rationalization, restructuring costs related to plant closings or alterations, relocations and employee severance costs will be incurred. Such costs could have an adverse effect on short-term profitability. In addition, while the Company's goal is for every plant to be profitable, there is no assurance this will occur, which will likely result in a rationalizing or closing of the plant. Martinrea is working to turn around any financially underperforming divisions, however, there is no guarantee that it will be

successful in doing so with respect to some or all such divisions. The continued underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations.

In certain locations where the Company's facilities are subject to leases, it may continue to incur significant challenges and costs if it were to attempt to relocate, restructure or downsize its business, including the inability to sublease any of the leased premises, in accordance with the terms of its existing leases. The Company may be unsuccessful in renegotiating these leases or it may need to make large settlements or take other actions to terminate its leases. The Company attempts to align production capacity with demand; however, the Company cannot provide any assurance that it will not close or relocate manufacturing facilities in the future, which could result in adverse publicity and have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may take, in the future, significant impairment charges, including charges related to long-lived assets. The early termination, loss, renegotiation of the terms of, or delay in the implementation of, any significant production contract could be indicators of impairment. In addition, to the extent that forward-looking assumptions regarding: the impact of turnaround plans on underperforming operations; new business opportunities; program price and cost assumptions on current and future business; the timing and success of new program launches; and forecast production volumes, are not met, any resulting impairment loss could have a material adverse effect on the Company's profitability.

Labour Relations Matters

The Company has a significant number of its employees subject to collective bargaining agreements, as do many of the Company's customers and suppliers. To date, the Company has had no material labour relations disputes. However, production may be affected by work stoppages and labour-related disputes (including labour disputes of the Company's customers and suppliers, such as the UAW strike in 2023), whether in the context of potential restructuring or in connection with negotiations undertaken to ensure a division's competitiveness, or otherwise, which may not be resolved in the Company's favour and which may have a material adverse effect on the Company's operations. The Company cannot predict whether and when any labour disruption may arise or how long such disruption could last. A significant labour disruption could lead to a lengthy shutdown of the Company or its customers' or suppliers' facilities or production lines, which could have a material adverse effect on the Company's operations and profitability.

Trade Restrictions or Disputes

The global growth of the automotive industry has been aided by the free movement of goods, services, people and capital through bilateral and regional trade agreements, particularly in North America and Europe. The introduction of measures which impede free trade, including new or increased tariffs and other trade barriers, could have a material adverse effect on the Company's operations and profitability. Current international trade disputes could, among other things, reduce demand for and production of vehicles, disrupt global supply chains, distort commodity pricing, impair the ability of automotive suppliers and vehicle manufacturers to make efficient long-term investment decisions, create volatility in relative foreign exchange rates, and contribute to stock market volatility.

Changes in Laws and Governmental Regulations

A significant change in the regulatory environment in which the Company currently carries on business could adversely affect the Company's operations, including changes in tax laws, laws related to pandemics or GHG (climate change) or other environmental regulations or other regulations relating to ESG.

The Company's operations could be adversely impacted by significant changes in tariffs and duties imposed on its products, particularly significant changes to the USMCA (formerly NAFTA), or the CPTPP, the adoption of domestic preferential purchasing policies in other jurisdictions, particularly the United States or China (such as increased tariffs or investigations relating to anti-dumping) or positive or negative changes in tax or other legislation. The Company's operations could also be adversely impacted by changes in rules relating to the movement of goods and people across borders, or changes in labour laws and regimes in the jurisdictions in which it operates, including immigration policies, which prevent the movement or recruitment of key Company employees and skilled tradespersons. In addition, the Company could be exposed to increased customs audits due to governmental policy, which could lead to additional administrative burden and costs and also carry the potential of a material fine or significant reputational risk. Changes in legislation or regulation could lead to additional administrative burden and costs in general, and also carry the potential of a material fine or

significant reputational risk. Changes in laws or regulations could also result in the Company shifting its operations to more favourable jurisdictions.

Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues

The Company is subject to a variety of environmental regulations by the federal, provincial and municipal authorities in Canada, the United States, Mexico, South America, Europe, China and Japan that govern, among other things: activities or operations that may have an adverse environmental effect; soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. If the Company fails to comply with these laws, regulations or permits, the Company could be fined or otherwise sanctioned by regulators or become subject to litigation or obligations to investigate or remediate existing or potential contamination, third-party property damage claims, personal injury claims, or modification or revocation of operating permits and may lead to temporary or permanent business interruptions. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs or may require changes of production processes. Environmental regulation in any one jurisdiction in which the Company operates may impact the business of the Company to the extent that jurisdiction becomes less competitive. Compliance with the requirements of laws and regulations affect ongoing operations and may increase capital costs and operating expenses, particularly if the applicable laws and regulations become increasingly stringent or more stringently enforced in the future. The Company may be required to use different materials in its production due to changing environmental restrictions or due to customer specifications. Material substitution may cause the Company to incur additional capital and operating costs. In addition to the foregoing, the Company may also incur costs and expenses resulting from environmental compliance, contamination or incidents, such as any changes to facilities to address physical, health and safety or regulatory constraints, repair or rebuilding facilities impacted by adverse weather events, or research and development activities related to more environmentally efficient operations and processes, as well as other potential costs (see also “Financial Viability of Suppliers”).

Under certain environmental requirements, the Company could be responsible for costs relating to any contamination at the Company’s or a predecessor entity’s current or former owned or operated properties or third-party waste-disposal sites, even if the Company was not at fault. In addition to potentially significant investigation and cleanup costs, contamination can give rise to third-party claims for fines or penalties, natural resource damages, personal injury or property damage.

The Company’s operations may also be impacted by environmental policies at any of its customers or suppliers to the extent that it affects production or volumes. The Company and its customers are also under pressure to meet tighter emissions regulations, reduce fuel consumption and act with more environmental responsibility, which may impact the Company’s business and operations. Foreign, federal, state, provincial and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating greenhouse gas emissions and energy policies, including, without limitation, CAFE standards and California’s agreement with major OEMs to increase fuel efficiency. The Company endeavours to be environmentally responsible and recognizes that the competitive pressures for economic growth and cost efficiency must be integrated with sound sustainability management, including environmental stewardship. The Company has adopted sourcing and other business practices to address ESG concerns of its customers. Despite these efforts, evolving customer concerns could negatively affect the Company’s reputation and financial performance. Due to the uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, the Company cannot currently determine the effect such legislation and regulation may have on its operations or on the production of, or demand for, vehicles, including light trucks.

The Company and its customers are also under pressure to reduce carbon emissions from operations. In order to meet these reductions, it will take energy efficiency initiatives, as well as the use of renewable energy. Depending on the cost and the availability of renewable energy in certain markets across our global operations, the lack of ability to meet these future renewable energy purchases, through being cost prohibitive or unavailable, may impact the Company’s business and operations.

The Company cannot provide assurances that the Company’s costs, liabilities and obligations or any resulting impact on its revenues due to regulatory change, customer requirements or changes in supply chain requirements relating to ESG matters (or any issues that may arise as a result of its customers’ or suppliers’ own ESG compliance, including any environmental compliance or trends that may

impact their businesses) will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The Company requires compliance with its policies both internally and, where relevant, for its suppliers, including related to ESG. Although the Company requires its suppliers to comply with these guidelines, there is no guarantee that these suppliers will not take actions that hurt the Company's reputation, as they are independent third parties that the Company does not control. However, if there is a lack of apparent compliance, it may lead the Company to search for alternative suppliers. This may have an adverse effect on the Company's financial results, by increasing costs, potentially causing shortages in products, delays in delivery or other disruptions in operations. While the Company evaluates its supply base, given the number of suppliers globally, the ability to conduct on-site assessments is not possible for all suppliers. Further, the ability to conduct on-site assessments had been impacted during the COVID-19 Pandemic and may be similarly affected if there are any future pandemics. A violation of the Company's policies could impact the ability of suppliers to work with the Company (see "Supply Chain Responsibility" in the AIF).

The Company's operations may also be impacted by any environmental policies or incidents at any of its customers or suppliers to the extent that it affects production or volumes.

In addition, the physical occurrence of severe weather conditions or one or more natural disasters, whether due to climate change or naturally occurring, such as, floods, wild fires, tornadoes, hurricanes and windstorms, snowstorms and other natural disasters such as earthquakes, tsunamis or hurricanes, including extreme weather caused by climate change, in a country in which the Company operates or in which its suppliers or customers are located, could cause catastrophic destruction to some of the Company's or the Company's suppliers' or customers' facilities, which could have a material impact on the availability of a product, disrupt the Company's production and/or prevent the Company from supplying products to its customers which could have a material adverse effect on its business, financial condition and results of operations. Such events could result in physical damage to and complete or partial closure of one or more of the Company's or its customers' manufacturing facilities; temporary or long-term disruption in the supply of raw materials from the Company's suppliers; disruptions to the Company's production or ability of the Company's employees to work efficiently; and/or disruptions or delays in the transport of the Company's products to its customers or their vehicles to their customers. The Company has policies and procedures in place to mitigate such risk and to obtain alternate supply, where practical, however it may not be possible in all cases or for a critical component. Physical risks related to extreme weather events or natural disasters cannot be predicted and the frequency and severity of any such event can vary including by region. Any interruption to the Company's supply of product or resulting changes in price to the Company could lower the Company's revenues, increase its operating costs and impact its financial results. A catastrophic destruction of the Company's or the Company's suppliers' facilities could have a material adverse effect on the Company's operations and profitability (see also "Financial Viability of Suppliers").

Sustainability (ESG) initiatives have been increasingly influencing the automotive industry and in recent years, there has been an increasing focus on climate change (including GHG reduction), energy reduction and transition to renewable energy. In addition, there is an increased focus on disclosure and reporting of ESG metrics and policies and various governments in jurisdictions in which the Company operates, are at various stages of adopting legislations and regulations on ESG reporting, which may overlap or impose uncertainty due to unexpected implementation, and/or be onerous on the Company and its customers and/or suppliers, from a reporting and/or cost perspective. (See "Automotive Industry Highlights and Trends" in the AIF)

The Company cannot provide assurances that the Company's costs, liabilities and obligations or any resulting impact on its revenues due to customer requirements or changes in supply chain requirements relating to ESG matters (or any issues that may arise as a result of its customers' or suppliers' own environmental compliance or incidents, including any environmental compliance or incidents or trends that may impact their businesses) or from ESG matters in general, including any arising from climate change, will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Litigation and Regulatory Compliance and Investigations

The Company has been and is involved in litigation from time to time and has received, in the past, letters from third parties alleging claims (including of its customers, suppliers, current or former employees) and claims have been made against it including those described under "Legal Proceedings" in the AIF. Although litigation claims may ultimately prove to be without merit, they can be time-consuming and expensive to defend. There can be no assurance that third parties will not assert claims against the Company in the

future or that any such assertion will not result in costly litigation, or a requirement that the Company enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Due to the inherent uncertainties of litigation, it is not possible to predict the outcome or determine the amount of any potential losses or the success of any claim or of any law suit referenced under “Legal Proceedings” and any other claims to which the Company may be subject. In addition, there is no assurance that the Company will be successful in a litigation matter. Any of these events may have a material adverse effect on the Company’s business, financial condition and results of operations. See “Legal Proceedings”. The Company’s policy is to comply with all applicable laws. However, the Company or its directors and officers may also be subject to regulatory risk in the markets in which it operates (for example, antitrust and competition regulatory authorities, tax authorities, anti-bribery and corruption authorities, customs authorities, cybersecurity risk and privacy legislation such as GDPR). Regulatory investigations, if any, can continue for several years, and depending on the jurisdiction and type of proceeding can result in administrative or civil or criminal penalties that could have a material adverse effect on the Company’s profitability or operations (even where the Company or any of its officers or directors is innocent, investigations can be expensive to defend). Additionally, the Company could be subject to other consequences including reputational damage, which could have a material adverse effect on the Company.

Risks of Conducting Business in Foreign Countries, Including China, Brazil, Mexico and Other Growing Markets

The Company has or may establish foreign manufacturing, assembly, product development, engineering and research and development operations in foreign countries, including in Mexico, Europe, China and Brazil. International operations, including Mexico, are subject to certain risks inherent in doing business abroad, including:

- political, civil and economic instability;
- corruption risks;
- trade, customs and tax risks;
- currency exchange rates and currency controls;
- limitations on the repatriation of funds;
- insufficient infrastructure;
- restrictions on exports, imports and foreign investment;
- environmental risk;
- increases in working capital requirements related to long supply chains;
- changes in labour laws and regimes and labour strife;
- difficulty in protecting intellectual property rights; and
- different and challenging legal systems.

The Company’s exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable, however any such occurrences could have an adverse effect on the Company’s profitability. Current relations, trade and otherwise, between China, the U.S. and Canada have increased some of the risks of operating in China and dealing with Chinese operations.

Currency Risk

A substantial portion of the Company’s revenues are now, and are expected to continue to be, realized in currencies other than Canadian dollars, primarily the U.S. dollar. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company’s results of operations. To date, the Company has engaged in some hedging activities to mitigate the risk of identified exchange rate exposures. To the extent the Company may seek to implement more substantial hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

Currency fluctuations may negatively or positively affect the competitiveness of the Company’s operations in a particular jurisdiction. As a result, the Company may move some existing work to another country, or may source work to different divisions, in order for the Company to remain or become competitive. Any work shifts may entail significant restructuring and other costs as work is shifted, as plants are consolidated, downsized or closed, or as plants in other jurisdictions are expanded.

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of the Company. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of the Company to continue its business as presently constituted. The Company has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected and corrected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, the Company assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board regarding achievement of intended results. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. Changes in internal controls due to remote work arrangements, such as those adopted in response to the COVID-19 Pandemic, may result in control deficiencies and impact the Company's financial reporting systems, which may also be material. The Company's current system of internal and disclosure controls also places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Loss of Use of Key Manufacturing Facilities

While the Company manufactures its products in several facilities and maintains insurance covering its facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of the Company's manufacturing facilities due to accident, weather conditions, acts of war, political unrest, terrorist activity, natural disaster, labour issues or otherwise, whether short-term or long-term, could have a material adverse effect on the Company's business, financial condition and results of operations.

Intellectual Property

The Company relies upon trademarks, copyrights, patents and contractual restrictions to protect its know-how, trade secrets and other intellectual property. Failure to protect (including through unintentional loss of protection through the use of generative AI) the Company's intellectual property rights may undermine its competitive position and protecting its rights or defending against third-party allegations of infringement may be costly, which could have a material adverse effect on the Company's business, financial condition and results of operations. Protection of proprietary processes, designs, moldings, know-how, trade secrets, documentation and other technology is critical to the Company's business. Failure to protect, monitor and control the use of the Company's existing designs, know-how, trade secrets and other intellectual property rights could cause the Company to lose its competitive advantage and incur significant expenses. However, the measures the Company takes to protect its know-how, trade secrets and other intellectual property rights may be insufficient. While the Company enters into confidentiality and proprietary rights agreements and agreements for assignment of invention with its employees and third parties to protect its know-how, trade secrets and intellectual property rights, such agreements and assignments could be breached and may not provide meaningful protection. Also, others may independently develop technologies or products that are similar to the Company's. In such case, the Company's know-how and trade secrets would not prevent competition from third-parties. Third-parties may seek to oppose, cancel or invalidate the Company's intellectual property rights, which could have a material adverse effect on the Company's business, financial condition and results of operations. The costs associated with the protection of the Company's know-how, trade secrets, intellectual property and the Company's proprietary rights and technology are ongoing. Third-parties or employees may infringe or misappropriate the Company's proprietary technologies or other intellectual property rights, which could harm the Company's business and operating results. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available. Failure to protect or enforce the Company's intellectual property rights may undermine its competitive position and protecting its rights or defending against third-party allegations of infringement may be costly, which could have a material adverse effect on the Company's business, financial condition and results of operations. If the Company's technology infringes on the proprietary rights of others, its ability to compete may be impaired. Third-parties may bring legal claims, or threaten to bring legal claims, against the Company that their intellectual property

rights are being infringed or violated by the Company's use of intellectual property. Litigation or threatened litigation, regardless of merit, could be costly, time consuming to defend, require the Company to redesign its products or manufacturing processes, if feasible, distract senior management from operating the Company's business and/or require the Company to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property. Any such royalty or licensing agreements, if required, may not be available to the Company on acceptable terms or at all. If the Company were to be found liable for any such infringement, the Company could be required to pay substantial damages and could be subject to injunctions preventing further infringement. In addition, any payments the Company is required to make and any injunctions with which the Company is required to comply as a result of infringement claims could be costly. Any legal claims or litigation could have a material adverse effect on the Company's business, financial condition and results of operations. If a third-party claims to have licensing rights with respect to components the Company purchased from a vendor, the Company may be obligated to cease using these components, incur associated costs if the vendor is unwilling or unable to reimburse the Company and be subject to liability under various civil and criminal causes of action, including damages and injunctions. Additionally, the Company will be required to purchase new components to replace any it has purchased and are unable to use. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations.

Availability of Consumer Credit or Cost of Borrowing

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by our OEM customers could have a material adverse effect on the Company's business, results of operations and financial condition.

Evolving Business Risk Profile

The risk profile of the Company's business continues to evolve with the increasing importance to us of product areas outside of its traditional business. As the Company's business evolves, the Company may face new or heightened risks, including: forecasting and planning risks related to penetration rates of EVs; reduction in demand for certain products which are unique to ICE vehicles; challenges in quoting for profitable returns on products with leading-edge technologies for which the Company may not have significant quoting experience; rigorous testing and validation requirements from OEM customers for complex new products; increased warranty and recall risks on new products and leading-edge technologies; increased product liability risks; heightened risk of technological obsolescence of some of our products, processes and/or assets; and difficulties in attracting or retaining employees with critical skills in high-demand areas. Realization of one or more such risks could have a material adverse effect on the Company's operations, profitability or financial condition.

Competition with Low Cost Countries

The competitive environment in the automotive industry has intensified as customers seek to take advantage of low wage costs in China, Korea, Thailand, India and other low-cost countries. As a result, there is potentially increased competition from suppliers that have manufacturing operations in low-cost countries. The loss of any significant production contract to a competitor in low cost countries or significant costs and risks incurred to enter and carry on business in these countries could have an adverse effect on profitability.

The Company's Ability to Shift its Manufacturing Footprint to Take Advantage of Opportunities in Growing Markets

Many of the Company's customers have sought, and will likely continue to seek to take advantage of lower operating costs and/or other advantages in Mexico, China, India, Brazil, Russia, South Korea and other growing markets. While the Company continues to expand its manufacturing footprint with a view to taking advantage of manufacturing opportunities in some of these markets, the Company cannot guarantee that it will be able to fully realize such opportunities. The inability to quickly adjust its manufacturing footprint to take advantage of manufacturing opportunities in these markets could harm its ability to compete with other suppliers operating in or from such markets, which could have an adverse effect on its profitability. The loss of any significant production contract to a competitor in a lower-cost market or the significant costs and risks incurred to follow a customer into and carry on business in these growing markets could have an adverse effect on the Company's profitability.

Change in the Company's Mix of Earnings Between Jurisdictions with Lower Tax Rates and Those with Higher Tax Rates

The Company's effective tax rate varies in each country in which it conducts business. Changes in its mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on the Company's profitability.

Pension Plans and Other Post-Employment Benefits

The Company's pension plans acquired as a result of the acquisition of the North American body and chassis business of ThyssenKrupp Budd in 2006 (the "TKB Acquisition") traditionally has had an aggregate funding deficiency. However, as at the latest measurement date of December 31, 2023, based on an actuarial estimate for financial reporting, there is a surplus on a solvency basis. Based on interest rates, benefits and projected investment returns, the Company is often obligated to fund some amounts in any particular year. A significant portion of the estimated funding is expected to be a payment towards the reduction of the unfunded liabilities. An unfunded liability could increase due to a decline in interest rates, investment returns at less than the actuarial assumptions, or changes to the governmental regulations governing funding and other factors. The Company could be adversely affected by the resulting increases in annual funding obligations. See also Note 14 ("Pension and Other Post-Retirement Benefits") to the Company's consolidated financial statements for the year ended December 31, 2023, which reflects the financial position of the Company's defined benefit pension plan and other post-employment benefit plans at December 31, 2023.

The Company provides certain post-employment benefits to certain of its retirees acquired as a result of the TKB Acquisition. These benefits include drug and hospitalization coverage. The Company does not pre-fund these obligations. At December 31, 2023, the unfunded actuarial liability for these obligations was significant. Expected benefit payments for 2024 and beyond are significant. The Company's obligation for these benefits could increase in the future due to a number of factors including changes in interest rates, changes to the collective bargaining agreements, increasing costs for these benefits, particularly drugs, and any transfer of costs currently borne by government to the Company. The Company has in the past negotiated changes to its post-employment benefits package in several of its facilities with its employees, in conjunction with the applicable union for the facility, setting maximum limits on future post-employment benefits payments. The Company may negotiate similar arrangements in future in respect of such benefits at other facilities, as applicable. See also Note 14 ("Pension and Other Post-Retirement Benefits") to the Company's consolidated financial statements for the year ended December 31, 2023, which reflect the financial position of the Company's post-employment benefits other than pension plans at December 31, 2023.

Potential Volatility of Share Prices

The market price of the Company's common shares has been, and will likely continue to be, subject to significant fluctuations in response to a variety of factors, many of which are beyond the Company's control. These fluctuations may be exaggerated if the trading volume of the common shares is low. In addition, due to the evolving nature of its business, the market price of the common shares may fall dramatically in response to a variety of factors, including quarter-to-quarter variations in operating results, the gain or loss of significant contracts, announcements of technological or competitive developments by the Company or its competitors, acquisitions or entry into strategic alliances by the Company or its competitors, the gain or loss of a significant customer or strategic relationship, changes in estimates of the Company's financial performance, changes in recommendations from securities analysts regarding the Company, the industry or its customers' industries, litigation involving the Company or its officers and general market or economic conditions.

In certain circumstances that the Company determines that its share price is undervalued, the Company may use funds that would otherwise be available for its operations or other uses, to repurchase its own shares as an investment. However, there can be no assurances that any such repurchase of shares will have a positive impact on the Company's share price.

Dividends

The declaration and payment of dividends, including the dividend rate, is subject to the Board's discretion taking into account the Company's cash flow, capital requirements, financial condition and other factors the Board considers relevant. These factors are, in turn, subject to various risks, including the risk factors set out above. While the Company aims to pay a consistent dividend and may increase the dividend over time, the Company's Board may in certain circumstances determine that it is in the best interests of the

Company to reduce or suspend the dividend. In such event, the trading price of the Common Shares of the Company may be materially affected.

Lease Obligations

The Company leases much of its manufacturing facilities and some of its capital equipment. A failure to pay the Company's lease obligations may constitute a default allowing the applicable landlord or lessor to pursue remedies available to it under the Company's leases and applicable law, which could include taking possession of property that the Company utilizes in its business resulting in the Company's failure to supply customers and, in the case of facility leases, evicting the Company, which could have a material adverse effect on the Company's business, financial condition and results of operations. The terms and restrictions of certain of the Company's facilities leases, may present significant challenges and costs to the Company if it were to attempt to restructure or downsize its business, including the inability to sublease any of the leased premises or relocate certain of its manufacturing facilities.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at February 29, 2024, the Company had 78,141,440 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at February 29, 2024, options to acquire 2,328,500 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.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

At December 31, 2023, the Company had contractual obligations requiring annual payments as follows (all figures in thousands):

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter	Total
Purchase obligations (i)	$ 482,543	$ 27,769	$ 393	$ 198	$ 99	$ 10	$ 511,012
Long-term debt	12,778	950,712	5,264	193	289	-	969,236
Contractual lease obligations	59,466	55,240	50,317	44,521	25,475	64,788	299,807
Total Contractual obligations	$ 554,787	$ 1,033,721	$ 55,974	$ 44,912	$ 25,863	$ 64,798	$ 1,780,055

(i) Purchase obligations consist of those related to inventory, services, tooling and fixed assets in the ordinary course of business.

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 December 31, 2023, the amount of the off-balance sheet program financing was $16.5 million (December 31, 2022 - $4.6 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 range up to twenty-four months.

Hedge Accounting

The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates.

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and the strategy for undertaking the hedge. The documentation identifies the specific net investment or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

At inception and each reporting date, the Company formally assesses the effectiveness of these designated hedges.

Net investment hedges

The Company continues to use some portion of its US denominated long-term debt to manage foreign exchange rate exposures on net investments in certain US operations.

The change in fair value of the hedging US debt is recorded, to the extent effective, directly in other comprehensive income (loss). These amounts will be recognized in profit or loss as and when the corresponding accumulated other comprehensive income (loss) from the hedged foreign operations is recognized in profit or loss. The Company has not identified any ineffectiveness in these hedge relationships as at December 31, 2023.

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 December 31, 2023, 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
Sell Canadian Dollars	$ 67,000	$ 1.3403	1
Buy Mexican Peso	103,749	17.3495	1

The aggregate value of these forward contracts as at December 31, 2023 was a pre-tax gain of $3.9 million and was recorded in trade and other receivables (December 31, 2022 - pre-tax gain of $2.1 million recorded in trade and other receivables).

INVESTMENTS

	December 31, 2023	December 31, 2022
Investment in common shares of NanoXplore Inc.	$ 54,384	$ 48,749
Investment in common shares and convertible debentures of AlumaPower Corp.	4,036	2,669
Investment in convertible debentures of Equispheres Inc.	1,000	-
Other	750	500
Investment in common shares of VoltaXplore Inc.	-	3,940
	$ 60,170	$ 55,858

As at December 31, 2023, the Company held 38,466,360 common shares of NanoXplore representing a 22.7% equity interest in NanoXplore (on a non-diluted basis). 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.

On February 24, 2022, NanoXplore closed a bought deal public offering of 6,522,000 common shares from treasury at a price of $4.60 per common share for aggregate gross proceeds of $30.0 million. Upon finalization of the transaction, the Company's net ownership interest decreased to 21.2% from 22.2%. This dilution resulted in a deemed disposition of a portion of the Company's ownership interest in NanoXplore, resulting in a gain on dilution of $4.1 million during the first quarter of 2022.

As a result of stock option exercises within NanoXplore, the Company's net ownership interest decreased slightly to 21.1% from 21.2% during the fourth quarter of 2022.

On April 15, 2021, the Company formed a 50/50 joint venture with NanoXplore, named VoltaXplore, to develop and produce electric vehicle batteries enhanced with graphene. Martinrea and NanoXplore each invested $4.0 million into VoltaXplore as start-up capital and to support the construction of a demonstration facility. On January 14, 2022, each of Martinrea and NanoXplore invested an additional $1.0 million in development funding into VoltaXplore by acquiring 1,000,000 common shares in VoltaXplore at $1.00 per share.

On March 24, 2023, Martinrea sold its equity interest in VoltaXplore to 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%.

As at December 31, 2023, the Company held 19,912 of class A shares, 14,952 of class C shares, and $1.4 million (US $1.1 million) of convertible debentures of AlumaPower, including the acquisition of an additional 4,960 class A shares for $1.4 million pursuant to a private placement offering on October 31, 2023, representing approximately 12.5% equity interest in AlumaPower (on a non-diluted basis). AlumaPower is a private company developing aluminum air battery technology for a variety of end markets, including automotive.

On April 20, 2023, the Company acquired convertible debentures of Equispheres in the amount of $1.0 million. 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 and VoltaXplore (up to the date of disposal of March 24, 2023) based on their most recently available financial statements, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest. The common shares in AlumaPower are classified as fair value through other comprehensive income, while the convertible debentures in AlumaPower and Equispheres are classified as amortized cost. 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), while the convertible debentures are recorded at amortized cost using the effective interest rate method, less any impairment losses.

Movement in equity-accounted investments is summarized as follows:

	Investment in common shares of NanoXplore	Investment in common shares of VoltaXplore
Net as of December 31, 2021	$ 48,748	$ 3,925
Additions	-	1,000
Gain on dilution of equity investments	4,050	-
Share of loss for the period	(4,089)	(985)
Share of other comprehensive income for the period	40	-
Net as of December 31, 2022	$ 48,749	$ 3,940
Additions	8,452	-
Share of loss for the period	(2,799)	(761)
Share of other comprehensive loss for the period	(18)	-
Disposal	-	(3,179)
Net as of December 31, 2023	$ 54,384	$ -

As at December 31, 2023, the market value of the shares held in NanoXplore by the Company was $93.5 million.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be publicly disclosed by a public company is gathered and reported to senior management, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), on a timely basis so that appropriate decisions can be made regarding public disclosure. An evaluation of the effectiveness of the Company’s disclosure controls and procedures was conducted as of December 31, 2023, based on the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) by and under the supervision of the Company’s management, including the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that the Company’s disclosure controls and procedures (as defined in National Instrument 52-109 - Certification of Disclosure in Issuers’ Annual and Interim Filings of the Canadian Securities Administrators) are effective in providing reasonable assurance that material information relating to the Company is made known to them and information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in such legislation.

Under the supervision of the CEO and CFO, the Company has designed internal controls over financial reporting (as defined in National Instrument 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company’s management team used COSO to design the Company’s internal controls over financial reporting.

The CEO and CFO have caused an evaluation of the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2023. This evaluation included documentation activities, management inquiries, tests of controls and other reviews as deemed appropriate by management in consideration of the size and nature of the Company’s business including those matters described above. Based on that evaluation the CEO and the CFO concluded that the design and operating effectiveness of internal controls over financial reporting was effective as at December 31, 2023 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

It is important to understand that there are inherent limitations of internal controls as stated within COSO. Internal controls no matter how well designed and operated can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity’s objectives. A system of controls, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that an organization's disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. Even disclosure controls and procedures and internal control over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. The discussion below describes the Company's material policies and procedures for the year ended December 31, 2023.

The Company's management bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. On an ongoing basis, management evaluates these estimates. However, actual results may differ from these estimates under different assumptions or conditions. In making and evaluating its estimates, management also considers economic conditions generally and in the automotive industry in particular, which have more recently been very different from historical patterns, as well as industry trends and the risks and uncertainties involved in its business that could materially affect the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. See "Automotive Industry Highlights and Trends" in the Company's AIF and "Risks and Uncertainties" above.

Management believes that the accounting estimates discussed below are critical to the Company's business operations and an understanding of its results of operations or may involve additional management judgment due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed its disclosure relating to critical accounting estimates in this MD&A.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the carrying amounts of the other assets in the unit.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Management believes that accounting estimates related to the impairment of non-financial assets and potential reversal are critical accounting estimates because: (i) they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new

program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on consolidated net income (loss) and on the amount of assets reported on the Company’s consolidated balance sheet.

Income Tax Estimates

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Company is required to estimate the tax basis of assets and liabilities. The assessment for the recognition of a deferred tax asset requires significant judgment. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

At December 31, 2023, the Company had recorded a net deferred income tax asset in respect of pensions and other post-retirement benefits, loss carry-forwards and other temporary differences of $164.7 million (2022 - $148.4 million). Deferred tax assets in respect of loss carry-forwards relate to legal entities in Canada, the United States, Mexico and Europe. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The factors used to assess the probability of realization are the Company’s forecast of future taxable income, the pattern and timing of reversals of taxable temporary differences that give rise to deferred tax liabilities and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits.

Revenue Recognition

The Company recognizes sales from two categories of goods: production (including finished production parts, assemblies and modules), and tooling. Revenue for these goods is recognized at the point in time control of the goods is transferred to the customer.

Control of finished production parts, assemblies and modules transfers when the goods are shipped from the Company’s manufacturing facilities to the customer. Control of tooling transfers when the tool has been accepted by the customer. For certain tooling contracts for which the customer makes progress payments in advance of obtaining control of the tool, the Company recognizes a liability for the progress payments until the performance obligation is complete. Such payments from the customer generally do not contain a financing component.

Revenue and cost of sales from tooling contracts are presented on a gross basis in the consolidated statements of operations. Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. In the case of tooling work in progress inventory that is internally developed, cost includes directly attributable labour as well as overhead. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. Judgment is required in determining the appropriateness of costs included in tooling work in progress inventory. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost overruns, non-reimbursable costs, change orders and potential price changes.

Employee Future Benefits

The Company provides pensions and other post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligation and expense for defined benefit pension plans and post-employment benefits is dependent on the selection of certain assumptions used by the Company's actuaries in calculating such amounts. Those assumptions are disclosed in Note 14 to the Company's consolidated financial statements for the year ended December 31, 2023 the most significant of which are the discount rate and the rate of increase in the cost of health care. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses which are recognized in other comprehensive income (loss) as they arise. The significant actuarial assumptions adopted are internally consistent and reflect the long-term nature of employee future benefits. Significant changes in assumptions could materially affect the Company's employee benefit obligations and future expense.

Intangible Assets

The Company's intangible assets are comprised of development costs.

Development costs are capitalized when the Company can demonstrate that:

- the development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- the future economic benefits are probable; and
- the Company intends and has sufficient resources to complete the development of and to use or sell the asset.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in research and development costs in the consolidated statement of operations.

Expenditure on research activities, including costs of market research and new product prototyping during the marketing stage, is recognized in profit or loss when incurred.

RECENTLY ADOPTED AND APPLICABLE ACCOUNTING STANDARDS AND POLICIES

Amendments to IAS 8, Definition of Accounting Estimates

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Company adopted the amendments to IAS 8 effective January 1, 2023. The adoption of amendments to IAS 8 did not have a material impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

On February 12, 2021, the IASB issued Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments help companies provide useful accounting policy disclosures by requiring companies to disclose their material accounting policies rather than their significant accounting policies.

The Company adopted the amendments to IAS 1 and IFRS Practice Statement 2 effective January 1, 2023. The adoption of amendments to IAS 1 and IFRS Practice Statement 2 did not have a material impact on the consolidated financial statements.

Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

On May 23, 2023, the IASB issued International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). The amendments provide a temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform.

The amendments include:

- a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation; and
- targeted disclosure requirements to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The accounting exemption is to be applied immediately after publication of the amendment. The disclosures relating to the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after 1 January 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before December 31, 2023.

The Company adopted the amendments to IAS 12 effective May 23, 2023. The adoption of amendments to IAS 12 did not have material impact on the consolidated financial statements.

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 amendments are effective for annual periods beginning on or after January 1, 2024. The adoption of amendments to IFRS 16 is not expected to have a material impact on the 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 amendments are effective for annual periods beginning on or after January 1, 2024. The adoption of amendments to IAS 1 is not expected to have a material impact on the consolidated financial statements.

Selected Annual Information

The following table sets forth selected information from the Company's consolidated financial statements for the years ended December 31, 2023, December 31, 2022 and December 31, 2021.

	2023	2022	2021
Sales	$ 5,340,003	$ 4,757,588	$ 3,783,953
Gross Margin	675,397	559,263	345,624
Operating Income	269,114	217,779	62,917
Net Income for the year	153,665	132,838	35,880
Net Earnings per Share - Basic and Diluted	$ 1.93	$ 1.65	$ 0.45
Non-IFRS Measures*			
Adjusted Operating Income	$ 297,275	$ 230,119	$ 68,390
% of Sales	5.6 %	4.8 %	1.8 %
Adjusted EBITDA	616,678	515,888	317,570
% of Sales	11.5 %	10.8 %	8.4 %
Adjusted Net Income	176,492	141,612	32,884
Adjusted Net Earnings per Share - Basic and Diluted	$ 2.22	$ 1.76	$ 0.41
Total Assets	$ 3,989,730	$ 4,143,119	$ 3,613,244
Cash and Cash Equivalents	186,804	161,655	153,291
Total Long-term Debt	969,236	1,070,368	1,010,990
Dividends Declared	15,846	16,076	16,070

The year-over-year trends in the selected information above have been discussed previously in this MD&A, as well as the MD&A from December 31, 2022, including adjustments in Table B under "Adjustments to Net Income".

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with IFRS Accounting Standards. 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" and "Net Debt". Refer to "Overall Results" and "Liquidity and Capital Resources" sections of this MD&A for a full reconciliation of the Non-IFRS measures for the years ended December 31, 2023 and 2022 and the Company's MD&A for the year ended December 31, 2022, as previously filed and available at www.sedarplus.ca, for a full reconciliation of the Non-IFRS measures for the year ended December 31, 2021.

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 and the Company, the growth of the Company and pursuit of, and belief in, its strategies; the ramping up and launching of new business; the continued investments in its business and technologies; the opportunity to increase sales; the ability to finance future capital expenditures, working capital, debt obligations and other commitments; the factors impacting its ability to fund anticipated cash requirements and to comply with financial covenants under the banking facility, the Company's views on its liquidity and operating cash flow and ability to deal with present or future economic conditions, the potential for fluctuation of operating results, the likelihood of tooling supplier default under tooling guarantee programs and using the tools as collateral, and the payment of dividends as well as other forward-looking statements, including sales and revenues, production levels volumes, the impact and duration of supply chain issues (including OEM actions) and the impact on the Company and industry, inflation, energy, war, the execution of the Company's

sustainability strategy and the Company's belief of the claims referenced under *Potential Tax Exposures and Legal Proceedings*. 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 Costs, Operational Costs and Issues and Cost Structure
- Fluctuations in Operating Results
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change (Including Artificial Intelligence)
- 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
- Sustainability (ESG) Regulation, Including Environmental Regulation and Climate Change and Human Rights and Supply Chain Issues
- Litigation and Regulatory Compliance and Investigations
- Risks of Conducting Business in Foreign Countries, Including China, Brazil, Mexico and Other Growing Markets
- Currency Risk
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

- Loss of Use of Key Manufacturing Facilities
- Intellectual Property
- Availability of Consumer Credit or Cost of Borrowing
- Evolving Business Risk Profile
- Competition with Low Cost Countries
- The Company’s Ability to Shift its Manufacturing Footprint to Take Advantage of Opportunities in Growing Markets
- Change in the Company’s Mix of Earnings Between Jurisdictions with Lower Tax Rates and Those with Higher Tax Rates
- Pension Plans and Other Post-Employment Benefits
- 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.