



**MARTINREA INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2025

Martinrea International Inc.

Table of Contents

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2
Consolidated Balance Sheets	7
Consolidated Statements of Operations	8
Consolidated Statements of Comprehensive Income	9
Consolidated Statements of Changes in Equity	10
Consolidated Statements of Cash Flows	11
Notes to the Consolidated Financial Statements	
1. Basis of preparation	12
2. Material accounting policies	13
3. Trade and other receivables	21
4. Inventories	22
5. Property, plant and equipment	22
6. Right-of-use assets	23
7. Intangible assets	23
8. Investments	24
9. Impairment of assets	24
10. Trade and other payables	25
11. Provisions	25
12. Long-term debt	26
13. Lease liabilities	27
14. Pensions and other post-retirement benefits	28
15. Income taxes	31
16. Capital stock	33
17. Earnings (loss) per share	36
18. Research and development costs	36
19. Personnel expenses	36
20. Finance expense and other finance income (expense)	37
21. Operating segments	37
22. Financial instruments	38
23. Commitments and contingencies	42
24. Guarantees	43
25. Transactions with key management personnel	43
26. Acquisition	44
27. Subsequent event	44

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Martinrea International Inc. are the responsibility of management and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect best estimates based on management's judgment. In addition, all other information contained in the annual report to shareholders and Management Discussion and Analysis for the year ended December 31, 2025 is also the responsibility of management. The Company maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information provided is accurate and complete and that all assets are properly safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting, for overseeing management's performance of its financial reporting responsibilities, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors delegates certain responsibility to the Audit Committee, which is comprised of independent non-management directors. The Audit Committee meets with management and KPMG LLP, the external auditors, multiple times a year to review, among other matters, accounting policies, any observations relating to internal controls over the financial reporting process that may be identified during the audit, as influenced by the nature, timing and extent of audit procedures performed, annual consolidated financial statements, the results of the external audit and the Management Discussion and Analysis included in the report to shareholders for the year ended December 31, 2025. The external auditors and internal auditors have unrestricted access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors so that the Board may properly approve the consolidated financial statements for issuance to shareholders.

(Signed) "*Pat D'Eramo*"

(Signed) "*Peter Cirulis*"

Pat D'Eramo

Peter Cirulis

Chief Executive Officer

Chief Financial Officer

Martinrea International Inc.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Cash and cash equivalents		\$ 174,144	\$ 167,951
Trade and other receivables	3	591,586	613,505
Inventories	4	474,224	508,231
Prepaid expenses and deposits		40,707	33,599
Income taxes recoverable		42,205	12,784
TOTAL CURRENT ASSETS		1,322,866	1,336,070
Property, plant and equipment	5	1,847,262	1,949,004
Right-of-use assets	6	229,084	215,802
Deferred tax assets	15	211,405	199,512
Intangible assets	7	36,650	37,535
Investments	8	71,975	65,378
Pension assets	14	18,537	17,493
TOTAL NON-CURRENT ASSETS		2,414,913	2,484,724
TOTAL ASSETS		\$ 3,737,779	\$ 3,820,794
LIABILITIES			
Trade and other payables	10	\$ 1,010,928	\$ 1,024,716
Provisions	11	20,110	6,862
Income taxes payable		9,873	25,332
Current portion of long-term debt	12	13,424	10,445
Current portion of lease liabilities	13	59,237	54,235
TOTAL CURRENT LIABILITIES		1,113,572	1,121,590
Long-term debt	12	855,385	970,969
Lease liabilities	13	191,919	189,176
Pension and other post-retirement benefits	14	37,874	40,384
Deferred tax liabilities	15	26,543	31,653
TOTAL NON-CURRENT LIABILITIES		1,111,721	1,232,182
TOTAL LIABILITIES		2,225,293	2,353,772
EQUITY			
Capital stock	16	594,756	601,188
Contributed surplus		46,760	46,052
Accumulated other comprehensive income		168,628	210,821
Retained earnings		702,342	608,961
TOTAL EQUITY		1,512,486	1,467,022
TOTAL LIABILITIES AND EQUITY		\$ 3,737,779	\$ 3,820,794

Commitments and contingencies (note 23)

Subsequent events (notes 12 and 27)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Robert Wildeboer" Director

"Terry Lyons" Director

Martinrea International Inc.

Consolidated Statements of Operations

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

	Note	Year ended December 31, 2025	Year ended December 31, 2024
SALES		\$ 4,821,851	\$ 5,014,127
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(3,885,081)	(4,046,631)
Depreciation of property, plant and equipment and right-of-use assets (production)		(289,709)	(318,939)
Total cost of sales		(4,174,790)	(4,365,570)
GROSS MARGIN		647,061	648,557
Research and development costs	18	(41,890)	(42,231)
Selling, general and administrative		(320,416)	(321,577)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(15,128)	(16,540)
Loss on disposal of property, plant and equipment		(1,519)	(1,511)
Restructuring costs	11	(36,118)	(12,644)
Impairment of assets	9	(39,516)	(129,446)
OPERATING INCOME		192,474	124,608
Share of loss of equity investments	8	(2,926)	(2,904)
Finance expense	20	(64,242)	(76,014)
Other finance income (expense)	20	(3,378)	6,913
INCOME BEFORE INCOME TAXES		121,928	52,603
Income tax expense	15	(14,943)	(87,149)
NET INCOME (LOSS) FOR THE PERIOD		\$ 106,985	\$ (34,546)
Basic earnings (loss) per share	17	\$ 1.47	\$ (0.46)
Diluted earnings (loss) per share	17	\$ 1.47	\$ (0.46)

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

	Year ended December 31, 2025	Year ended December 31, 2024
NET INCOME (LOSS) FOR THE PERIOD	\$ 106,985	\$ (34,546)
Other comprehensive income (loss), net of tax:		
Items that may be reclassified to net income (loss)		
Foreign currency translation differences for foreign operations	(42,157)	115,084
Items that will not be reclassified to net income (loss)		
Share of other comprehensive loss of equity investments (note 8)	(36)	(16)
Remeasurement of defined benefit plans	2,651	(1,762)
Other comprehensive income (loss), net of tax	(39,542)	113,306
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 67,443	\$ 78,760

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2023	\$ 645,256	\$ 45,903	\$ 95,753	\$ 678,269	\$ 1,465,181
Net loss for the period	-	-	-	(34,546)	(34,546)
Compensation expense related to stock options	-	229	-	-	229
Dividends (\$0.20 per share)	-	-	-	(14,921)	(14,921)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 16)	(44,418)	-	-	(18,079)	(62,497)
<u>Other comprehensive income (loss) net of tax</u>					
Remeasurement of defined benefit plans	-	-	-	(1,762)	(1,762)
Foreign currency translation differences	-	-	115,084	-	115,084
Share of other comprehensive loss of equity investments	-	-	(16)	-	(16)
BALANCE AT DECEMBER 31, 2024	601,188	46,052	210,821	608,961	1,467,022
Net income for the period	-	-	-	106,985	106,985
Compensation expense related to stock options	-	708	-	-	708
Dividends (\$0.20 per share)	-	-	-	(14,519)	(14,519)
Repurchase of common shares (note 16)	(6,432)	-	-	(1,736)	(8,168)
<u>Other comprehensive income (loss) net of tax</u>					
Remeasurement of defined benefit plans	-	-	-	2,651	2,651
Foreign currency translation differences	-	-	(42,157)	-	(42,157)
Share of other comprehensive loss of equity investments	-	-	(36)	-	(36)
BALANCE AT DECEMBER 31, 2025	\$ 594,756	\$ 46,760	\$ 168,628	\$ 702,342	\$ 1,512,486

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES:			
Net income (loss) for the period		\$ 106,985	\$ (34,546)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		304,837	335,479
Amortization of development costs		8,280	11,070
Impairment of assets	9	39,516	129,446
Unrealized gain on foreign exchange forward contracts		(839)	(2,286)
Finance expense	20	64,242	76,014
Income tax expense	15	14,943	87,149
Loss on disposal of property, plant and equipment		1,519	1,511
Deferred and restricted share units expense	16	12,908	4,367
Stock options expense	16	708	229
Share of loss of equity investments	8	2,926	2,904
Pension and other post-retirement benefits expense	14	2,475	1,903
Contributions made to pension and other post-retirement benefits	14	(2,552)	(3,734)
		555,948	609,506
Changes in non-cash working capital items:			
Trade and other receivables		14,479	130,338
Inventories		21,293	90,588
Prepaid expenses and deposits		(7,542)	1,776
Trade, other payables and provisions		(7,081)	(246,418)
		577,097	585,790
Interest paid		(70,442)	(85,902)
Income taxes paid		(76,170)	(66,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 430,485	\$ 433,285
FINANCING ACTIVITIES:			
Decrease in long-term debt (net of deferred financing fees)		(69,337)	(24,917)
Equipment loan repayments		(16,685)	(13,990)
Principal payments of lease liabilities		(56,889)	(52,330)
Dividends paid		(14,558)	(15,188)
Exercise of employee stock options		-	270
Repurchase of common shares		(8,008)	(61,279)
NET CASH USED IN FINANCING ACTIVITIES		\$ (165,477)	\$ (167,434)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment (excluding capitalized interest)*		(237,713)	(275,521)
Acquisition	26	(1,754)	-
Capitalized development costs		(9,184)	(7,228)
Increase in investments	8	(9,564)	(8,130)
Proceeds on disposal of property, plant and equipment		869	5,383
NET CASH USED IN INVESTING ACTIVITIES		\$ (257,346)	\$ (285,496)
Effect of foreign exchange rate changes on cash and cash equivalents		(1,469)	792
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,193	(18,853)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		167,951	186,804
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 174,144	\$ 167,951

*As at December 31, 2025, \$51,215 (December 31, 2024 - \$78,547) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables.

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Martinrea International Inc. ("Martinrea" or the "Company") was formed by the amalgamation under the Ontario Business Corporations Act of several predecessor Corporations by articles of amalgamation dated May 1, 1998. The Company is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems.

1. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended December 31, 2025 were approved by the Board of Directors on March 5, 2026.

(b) Presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts and where otherwise indicated.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, sales and expenses and the related disclosures with respect to contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (assumptions made are disclosed in individual notes throughout the financial statements where relevant):

- Estimates of the economic life of property, plant and equipment and intangible assets;
- Estimates involved in the measurement of lease liabilities and associated right-of-use-assets;
- Estimates of income taxes. The Company is subject to income taxes in numerous jurisdictions. 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;
- Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized;
- Estimates used in assessing non-financial assets for impairment indicators and testing for impairment including the recoverability of development costs. Key assumptions include projected future sales and earnings, discount rates, and long-term growth rates;
- Assumptions employed in the actuarial calculation of pension and other post-retirement benefits. The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service, and the Company's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a significant effect on the amount of plan liabilities and service costs. The Company employs external experts when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. To the extent that these estimates differ from those realized, employee benefit plan liabilities and comprehensive income will be affected in future periods;
- Revenue recognition on separately-priced tooling contracts. 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. 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. When the current estimates of total contract revenue and total contract costs indicate a loss, a

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecast loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes; and

- Estimates used in determining the fair value of stock option and performance share unit grants. These estimates include assumptions about the volatility of the Company's stock, forfeiture rates, and expected life of the options/units granted, where relevant.

Information about significant areas of critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (judgments made are disclosed in individual notes throughout the financial statements where relevant):

- Accounting for provisions including assessments of possible legal and tax contingencies, and restructuring. Whether an outflow of resources to settle a present obligation is probable or not, requires judgment. The nature and type of risks for these provisions differ and judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not;
- Accounting for development costs – judgment is required to assess the division of activities between research and development, technical and commercial feasibility, and the availability of future economic benefit;
- Judgments in determining the appropriateness of costs included in tooling work in progress inventory;
- Judgments in determining the timing of revenue recognition for tooling sales;
- Judgments in determining whether sales contracts contain material rights;
- The determination of the Company's cash generating units ("CGU") for impairment testing; and
- Judgments in determining whether internal and external sources of information result in indicators of impairment or indicators of reversal.

The decisions made by the Company in each instance are set out under the various accounting policies in these notes.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Each subsidiary of the Company maintains its accounting records in its functional currency. A subsidiary's functional currency is the currency of the principal economic environment in which it operates.

(i) Foreign currency transactions

Transactions carried out in foreign currencies are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated at the exchange rate at that date. The foreign currency gain or loss on such monetary items is recognized as income or expense for the period. Non-monetary assets and liabilities denominated in a foreign currency are translated at the historical exchange rate prevailing at the transaction date.

(ii) Translation of financial statements of foreign operations

The assets and liabilities of subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations whose functional currency is not the Canadian dollar are translated to Canadian dollars at the exchange rate prevailing on the date of transaction.

Foreign currency differences on translation are recognized in other comprehensive income (loss) in the cumulative translation account net of income tax.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

(c) Financial instruments

(i) Financial assets and liabilities

The Company recognizes financial assets and financial liabilities initially at fair value and subsequently measures these at either fair value or amortized cost based on their classification as described below:

Fair value through profit or loss (FVTPL):

Financial assets and financial liabilities purchased or incurred, respectively, with the intention of generating earnings in the near term, and derivatives other than cash flow hedges, are classified as FVTPL. This category includes cash and cash equivalents, and derivative instruments that do not qualify for hedge accounting. For items classified as FVTPL, the Company initially recognizes such financial assets on the consolidated balance sheet at fair value and recognizes subsequent changes in the consolidated statement of operations. Transaction costs incurred are expensed in the consolidated statement of operations. The Company does not currently hold any liabilities designated as FVTPL.

Fair value through other comprehensive income:

This category includes investments in equity securities. Subsequent to initial recognition, they are measured at fair value on the consolidated balance sheet and changes therein are recognized in other comprehensive income (loss). When an investment is derecognized, the accumulated gain or loss in other comprehensive income (loss) is transferred to the consolidated statement of operations.

Amortized cost:

The Company classifies financial assets held to collect contractual cash flows at amortized cost, including trade and other receivables and investments in convertible notes. The Company initially recognizes the carrying amount of such assets on the consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measures these at amortized cost using the effective interest rate method, less any impairment losses.

Other financial liabilities:

This category is for financial liabilities that are not classified as FVTPL and includes trade and other payables and long-term debt. These financial liabilities are recorded at amortized cost on the consolidated balance sheet.

(ii) Impairment of financial assets

A forward-looking "expected credit loss" (ECL) model is used in determining the allowance for doubtful accounts as it relates to trade and other receivables. The Company's allowance is determined by historical experiences, and considers factors including the aging of the balances, the customer's credit-worthiness, and updates based on the current economic conditions, expectation of bankruptcies, and the political and economic volatility in the markets/location of customers.

(iii) Derivative financial instruments not accounted for as hedges

The Company periodically uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar. Such derivative financial instruments are classified as FVTPL, initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value being recognized immediately in the consolidated statement of operations.

(iv) 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.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

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, 2025.

(v) Sale of receivables

Trade receivables are derecognized when the Company transfers the trade receivables and substantially all the risks and rewards of ownership of the financial asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a financial liability for the proceeds received.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of material and labour and other costs directly attributable to bringing the asset to a working condition for its intended use.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, Property, plant and equipment, this tooling is recognized as property, plant and equipment. It is depreciated to match the lesser of estimated useful life and life of the program.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within profit or loss.

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment as part of the cost of that asset. Capitalized borrowing costs are amortized over the useful life of the related asset.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and repair costs are expensed as incurred, except where they serve to increase productivity or to prolong the useful life of an asset, in which case they are capitalized.

(iii) Depreciation

Depreciation is recognized in profit or loss over the estimated useful life of each item of property, plant and equipment, since this period most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is recorded on the following bases and at the following rates:

	Basis	Rate
Buildings	Declining balance	4%
Leasehold improvements	Straight-line	Lesser of estimated useful life and lease term
Manufacturing equipment	Declining balance and straight line	5% to 20%
Tooling and fixtures	Straight-line	Lesser of estimated useful life and life of program
Other	Declining balance and straight line	20% to 30%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

(e) Intangible assets

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalized only if:

- 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, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

(f) Inventories

Inventories are classified by the stage of production in their current location, and measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other direct costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads, including depreciation, based on normal operating capacity. In the case of tooling work in progress inventory that is internally developed, cost includes directly attributable labour as well as overhead.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the net realizable value, the Company considers factors such as yield, turnover, expected future demand and past experience. Impairment losses are recognized on the basis of net realizable value.

(g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract: involves the use of an identified asset; provides the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and provides the right to direct the use of the asset.

A right-of-use asset and lease liability are recorded on the date that the underlying asset is available for use, representing the commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that are tied to an index or rate defined in the contract;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably likely to exercise; and
- lease payments under an optional extension if the Company is reasonably certain to exercise the extension option, and early termination penalties required under a termination of a lease unless the Company is reasonably certain not to terminate early.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether or not it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, consisting of:

- the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, when the Company is reasonably certain to exercise the option to extend; and periods covered by options to terminate the lease, when the Company is reasonably certain not to exercise the option. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability as described above.

Short-term and low-value leases

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases (i.e., those leases that have a lease term of twelve months or less) and leases with assets of low value (i.e., those assets with a fair market value of less than US\$5). The expenses associated with such leases are recognized in the consolidated statement of operations on a straight-line basis over the lease term.

Variable lease payments

Certain leases contain provisions that result in changes to lease payments over the term in relation to market indices quoted in the contract. The Company reassesses the lease liabilities related to these leases when the index or other data is available to calculate the change in lease payment.

Certain leases require the Company to make payments that relate to property taxes, insurance, or other non-rental costs. These costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability, but are recorded as an expense in cost of sales in the consolidated statement of operations in the period in which they are incurred.

(h) **Investments in Associates**

Associates are entities over which the Company has significant influence, but not control, on financial and operating policy decisions. Significant influence is assumed when the Company holds 20% to 50% of the voting power of the investee, unless qualitative factors overcome this presumption. Similarly, significant influence is presumed not to exist when the Company holds less than 20% of the voting power of the investee, unless qualitative factors overcome this presumption.

Interests in associates are accounted for using the equity method. The investment is initially recognized at cost. The carrying amount is subsequently increased or decreased to recognize the Company's share of profits or losses of the equity-accounted investees after the date of acquisition or when significant influence begins. The Company's share of profits or losses is recognized in the consolidated statement of operations, and its share of other comprehensive income or loss is included in other comprehensive income (loss).

Unrealized gains on transactions between the Company and its equity-accounted investees are eliminated to the extent of the Company's interest in the investee. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in the level of the Company's equity interest in an equity-accounted investee are recognized in the consolidated statement of operations. Where an equity-accounted investee increases its equity through share issuances, the Company records its share of such increase in its investments of the investee on the consolidated balance sheet.

The amounts included in the financial statements of the investees are adjusted to reflect adjustments made by the Company, when using the equity method, such as fair value adjustments made at the time of acquisition.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the investee is written down to its estimated recoverable amount and charged to the consolidated statement of operations.

The Company has an equity interest in one associate as further described in note 8.

(i) 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 of the asset or CGU. 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. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense. 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 assets in the CGUs.

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.

(j) Pensions and other post-retirement benefits

The Company's liability for pensions and other post-retirement benefits is based on valuations performed by independent actuaries using the projected unit credit method. These valuations incorporate both financial assumptions (discount rate, and changes in salaries and medical costs) and demographic assumptions, including rate of employee turnover, retirement age and life expectancy.

The liability for pensions and other post-retirement benefits is equal to the present value of the Company's future benefit obligation less, where appropriate, the fair value of plan assets in funds allocated to finance such benefits. The effects of differences between previous actuarial assumptions and what has actually occurred (experience adjustments) and the effect of changes in actuarial assumptions (assumption adjustments) give rise to actuarial gains and losses. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately through other comprehensive income (loss) and transferred directly to retained earnings. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan in profit or loss when the settlement occurs.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset when reimbursement is virtually certain. Commitments resulting from restructuring plans are recognized when an entity has a detailed formal plan and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features.

When the effect of the time value of money is material, the amount of the provision is discounted using a rate that reflects the market's current assessment of this value and the risks specific to the liability concerned. The increase in the provision related to the passage of time is recognized through profit and loss in other finance income (expense).

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

(l) 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.

(m) Finance expense

Finance expense is comprised of interest expense on long-term debt and lease liabilities and amortization of deferred financing costs. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(n) Other finance income (expense)

Other finance income (expense) comprises interest income on funds invested, changes in the fair value of derivative financial instruments not accounted for as hedges and foreign exchange gains and losses reported on a net basis. Interest income (expense) is recognized as it accrues in profit or loss, using the effective interest method.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which 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.

(p) Guarantees

A guarantee is a contract (including indemnity) that contingently requires the Company to make payments to the guaranteed party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, liability or equity security of the counterparty, (ii) failure of another party to perform under an obligating agreement or (iii) failure of a third party to pay indebtedness when due.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Guarantees are fair valued upon initial recognition. Subsequent to initial recognition, the guarantees are remeasured at the higher of (i) the amount determined in accordance with IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets* ("IAS 37") and (ii) the amount initially recognized less cumulative amortization.

(q) Stock-based payments

The Company accounts for all stock-based payments to employees and non-employees using the fair value-based method of accounting. The Company measures the compensation cost of stock-based option awards at the grant date using the Black-Scholes-Merton option valuation model to determine the fair value of the options. The stock-based compensation cost of the options is recognized as stock-based compensation expense over the relevant vesting period of the stock options.

(r) Earnings (Loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise share options granted to employees.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Deferred Share Unit Plan

On May 3, 2016, a Deferred Share Unit Plan (the "DSU Plan") was established as a means of compensating non-executive directors and designated employees of the Company and of promoting share ownership and alignment with the shareholders' interests. Non-executive directors of Martinrea are automatically required to participate in the DSU Plan while employees may be designated from time to time, at the sole discretion of the Board of Directors.

Vesting conditions may be attached to the DSUs at the Board of Directors' discretion. DSU Plan participants receive additional DSUs equivalent to cash dividends paid on common shares. DSUs are paid out in cash upon termination of service, based on their fair market value, which is defined as the average closing share price of the Company's common shares for the 20 days preceding the termination date.

DSUs are considered cash-settled awards. The fair value of DSUs, at the date of grant to the DSU Plan participants, is recognized as compensation expense over the vesting period, with a liability recorded in trade and other payables. In addition, the DSUs are fair valued at the end of every reporting period and at the settlement date. Any change in the fair value of the liability is recognized as compensation expense in profit or loss.

(u) Performance and Restricted Share Unit Plan

On November 3, 2016, as subsequently amended, a Performance and Restricted Share Unit Plan (the "PRSU Plan") was established as a means of compensating designated employees of the Company and promoting share ownership and alignment with the shareholders' interests. Under the PRSU Plan, the Company may grant Restricted Share Units ("RSUs") and/or Performance Share Units ("PSUs") to its employees. The Company shall redeem vested RSUs or vested PSUs on their Redemption Date (as specified in the PRSU Plan) for cash. The RSUs and PSUs are redeemed at their fair values as defined by the PRSU Plan; in addition, PSUs must meet the performance criteria specified in the PRSU Plan. The vesting conditions are determined by the Board of Directors or as otherwise provided in the PRSU Plan.

The fair value of PSUs and RSUs at the date of grant to the PRSU Plan participants, determined using the Monte Carlo Simulation model in the case of PSUs, are recognized as compensation expense over the vesting period, with a liability recorded in trade and other payables. In addition, the RSUs and PSUs are fair valued at the end of every reporting period and at the settlement date. Any change in fair value of the liability is recognized as compensation expense in profit or loss.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

(v) Recently adopted accounting standards and policies

IFRS 9 Financial Instruments - Hedge Accounting

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding IAS 39 Financial Instruments: Recognition and Measurement standard. IFRS 9 includes a new general hedge accounting standard which aligned hedge accounting more closely with risk management objectives and strategy. IFRS 9 also updated the hedge effectiveness assessment approach to apply a more qualitative and forward-looking approach to assess the effectiveness of a hedging relationship.

Effective January 1, 2025, the Company adopted the new general hedge accounting model under IFRS 9, as a replacement for the hedge accounting requirements of IAS 39. The Company has applied new hedge accounting model to all designated hedge accounting relationships prospectively. The adoption of the amendments to these standards did not have a material impact on the consolidated financial statements in the current or comparative periods.

(w) Recently issued accounting standards

The IASB issued the following new standards:

IFRS 18, Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (replacement to IAS 1). The new accounting standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

- improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact of the new standard on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7, Classification and Measurements of Financial Instruments

On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments include:

- clarifying the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance targets); and
- updating the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026. The adoption of amendments to IFRS 9 and IFRS 7 is not expected to have a material impact on the consolidated financial statements.

3. TRADE AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	\$ 517,124	\$ 571,073
Other receivables	73,623	40,146
Foreign exchange forward contracts not accounted for as hedges (note 22(d))	839	2,286
	\$ 591,586	\$ 613,505

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 22.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

On March 27, 2024, Martinrea entered into an accounts receivable program agreement to sell up to \$100,000 in trade receivables without recourse and on an uncommitted basis, subject to predetermined limits for certain customers. Under the agreement, the receivables are sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. The Company derecognizes the trade receivables sold under the program when it transfers substantially all the risks and rewards of ownership of the receivables. As at December 31, 2025, \$33,561 (US \$24,547) (December 31, 2024 - \$32,986 or US \$22,888) of receivables were sold under the program, of which \$9,397 (US \$6,873) (December 31, 2024 - \$9,236 or US \$6,409) was held back from the sale proceeds, to be settled when the funds are received from the customers, in accordance with the provisions of the program, with the net proceeds being used primarily to support the Company's supply base.

4. INVENTORIES

	December 31, 2025	December 31, 2024
Raw materials	\$ 236,431	\$ 256,154
Work in progress	69,755	64,982
Finished goods	51,397	51,128
Tooling work in progress	116,641	135,967
	\$ 474,224	\$ 508,231

5. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Land and buildings	\$ 273,284	\$ (65,748)	\$ 207,536	\$ 261,870	\$ (61,976)	\$ 199,894
Leasehold improvements	100,267	(73,633)	26,634	94,528	(67,164)	27,364
Manufacturing equipment	3,598,280	(2,242,288)	1,355,992	3,592,179	(2,139,284)	1,452,895
Tooling and fixtures	39,112	(32,488)	6,624	40,572	(34,197)	6,375
Other assets	109,904	(78,193)	31,711	102,361	(72,663)	29,698
Construction in progress	218,765	-	218,765	232,778	-	232,778
	\$ 4,339,612	\$ (2,492,350)	\$ 1,847,262	\$ 4,324,288	\$ (2,375,284)	\$ 1,949,004

Movement in property, plant and equipment is summarized as follows:

	Land and buildings	Leasehold improvements	Manufacturing equipment	Tooling and fixtures	Other assets	Construction in progress	Total
Net as of December 31, 2023	\$ 193,125	\$ 27,157	\$ 1,379,979	\$ 4,325	\$ 28,756	\$ 310,429	\$ 1,943,771
Additions	84	-	4,729	-	1,403	285,343	291,559
Disposals	(1,198)	-	(4,973)	(5)	(155)	(563)	(6,894)
Depreciation	(7,485)	(4,546)	(262,220)	(1,434)	(8,390)	-	(284,075)
Impairment (note 9)	(5,476)	(647)	(88,101)	(2,507)	(5,705)	(14,581)	(117,017)
Transfers from construction in progress	5,166	4,091	331,138	5,541	12,203	(358,139)	-
Foreign currency translation adjustment	15,678	1,309	92,343	455	1,586	10,289	121,660
Net as of December 31, 2024	\$ 199,894	\$ 27,364	\$ 1,452,895	\$ 6,375	\$ 29,698	\$ 232,778	\$ 1,949,004
Additions	433	-	1,128	339	716	215,559	218,175
Additions from acquisition (note 26)	-	932	11,100	-	161	-	12,193
Disposals	-	-	(2,002)	(4)	(382)	-	(2,388)
Depreciation	(7,642)	(4,843)	(231,117)	(1,702)	(7,646)	-	(252,950)
Impairment (note 9)	-	-	(27,392)	-	(797)	(2,235)	(30,424)
Transfers from construction in progress	22,939	3,431	183,566	1,713	10,174	(221,823)	-
Foreign currency translation adjustment	(8,088)	(250)	(32,186)	(97)	(213)	(5,514)	(46,348)
Net as of December 31, 2025	\$ 207,536	\$ 26,634	\$ 1,355,992	\$ 6,624	\$ 31,711	\$ 218,765	\$ 1,847,262

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

6. RIGHT-OF-USE ASSETS

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Leased buildings	\$ 393,282	\$ (215,786)	\$ 177,496	\$ 344,345	\$ (192,304)	\$ 152,041
Leased manufacturing equipment	131,138	(81,078)	50,060	126,163	(63,660)	62,503
Leased other assets	6,185	(4,657)	1,528	5,767	(4,509)	1,258
	\$ 530,605	\$ (301,521)	\$ 229,084	\$ 476,275	\$ (260,473)	\$ 215,802

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

	Leased buildings	Leased manufacturing equipment	Leased other assets	Total
Net as of December 31, 2023	\$ 174,831	\$ 62,177	\$ 1,544	\$ 238,552
Additions	2,804	12,457	744	16,005
Lease modifications	5,808	-	-	5,808
Depreciation	(34,806)	(15,713)	(885)	(51,404)
Impairment (note 9)	(6,346)	(28)	(218)	(6,592)
Foreign currency translation adjustment	9,750	3,610	73	13,433
Net as of December 31, 2024	\$ 152,041	\$ 62,503	\$ 1,258	\$ 215,802
Additions	-	3,359	854	4,213
Lease modifications	49,241	74	23	49,338
Additions from acquisition (note 26)	13,715	703	-	14,418
Depreciation	(33,981)	(17,228)	(678)	(51,887)
Foreign currency translation adjustment	(3,520)	649	71	(2,800)
Net as of December 31, 2025	\$ 177,496	\$ 50,060	\$ 1,528	\$ 229,084

7. INTANGIBLE ASSETS

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Development costs	\$ 151,703	\$ (115,053)	\$ 36,650	\$ 151,921	\$ (114,386)	\$ 37,535

Movement in intangible assets is summarized as follows:

	Development costs
Net as of December 31, 2023	\$ 42,743
Additions	7,228
Amortization	(11,070)
Impairment (note 9)	(4,268)
Foreign currency translation adjustment	2,902
Net as of December 31, 2024	37,535
Additions	9,184
Amortization	(8,280)
Impairment (note 9)	(559)
Foreign currency translation adjustment	(1,230)
Net as of December 31, 2025	\$ 36,650

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

8. INVESTMENTS

	December 31, 2025	December 31, 2024
Investment in common shares of NanoXplore Inc.	\$ 54,120	\$ 51,462
Investment in shares of AlumaPower Corporation.	4,036	4,036
Investment in shares and convertible notes of Equispheres Inc.	10,030	9,030
Other	3,789	850
	\$ 71,975	\$ 65,378

As at December 31, 2025, the Company held a 22.5%, 11.7%, and 6.8% equity interest (on a non-diluted basis) in NanoXplore Inc. ("NanoXplore"), AlumaPower Corporation ("AlumaPower"), and Equispheres Inc. ("Equispheres"), respectively. NanoXplore is a publicly listed company on the Toronto Stock Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high-volume graphene powder for use in transportation and industrial markets providing customers with standard and custom graphene-enhanced plastic and composite products. NanoXplore is also a silicon-graphene-enhanced Li-ion battery manufacturer for the electric vehicle and grid storage markets. AlumaPower is a private company developing aluminum air battery technology for a variety of end markets, including automotive. Equispheres is a private company developing technologies for the production and use of advanced materials in additive manufacturing.

On October 30, 2025, the Company acquired an additional 2,343,750 common shares in NanoXplore pursuant to a private placement offering at a price of \$2.40 per common share for an aggregate purchase price of \$5,625. Upon finalization of the transaction, the Company's net ownership interest remained at 22.5%.

The Company applies equity accounting to its equity investment in NanoXplore based on its financial statements for the period from October 1, 2024, to September 30, 2025, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest. The shares in AlumaPower and Equispheres are classified as fair value through other comprehensive income, while the convertible notes in Equispheres are classified as amortized cost. Accordingly, the shares are recorded at their fair value at the end of each reporting period, with the change in fair value recorded in other comprehensive income (loss), while the convertible notes are recorded at amortized cost using the effective interest rate method, less any impairment losses.

Movement in the Company's equity-accounted investment is summarized as follows:

	Investment in common shares of NanoXplore
Net as of December 31, 2023	\$ 54,384
Share of loss for the period	(2,904)
Share of other comprehensive loss for the period	(18)
Net as of December 31, 2024	\$ 51,462
Additions	5,625
Share of loss for the period	(2,926)
Share of other comprehensive loss for the period	(41)
Net as of December 31, 2025	\$ 54,120

As at December 31, 2025, the stock market value of the shares held in NanoXplore by the Company was \$104,474. The Company's known maximum exposure to loss approximated the carrying value of its investment balance as at December 31, 2025.

9. IMPAIRMENT OF ASSETS

During the fourth quarter of 2025, the Company recorded impairment charges on property, plant and equipment of \$30,424, inventories of \$8,533, and development costs of \$559, totalling \$39,516. Of this amount, \$36,157 relates to impairment charges resulting from the end of production of a certain OEM light vehicle platform which led to the decision to close a facility in the North America operating segment. The remaining amount of \$3,359 relates to impairment charges on property, plant and equipment in the Europe operating segment where the carrying amount of the assets exceeded their estimated recoverable amounts.

During the fourth quarter of 2024, in conjunction with its annual business planning cycle, the Company recorded impairment charges on property, plant and equipment of \$102,103, right-of-use assets of \$6,592, intangible assets of \$1,250, and inventories of \$475, totaling \$110,420. Of this amount, \$65,270 relates to CGUs in the Europe operating segment, \$25,829 relates to a CGU in the North America operating segment, and \$19,321 relates to CGUs in Brazil, China and South Africa, included in the Rest of the World operating segment. As at December 31, 2024, the Company's CGUs were

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

recorded at carrying values that did not exceed their recoverable amounts determined using an income approach to determine fair value less costs to sell. Discount rates used in the determination of the recoverable amounts of these CGUs ranged between 9.3% to 13.5%.

The Company also separately identified specific assets for which no further use was identified, and recorded impairment charges on property, plant and equipment of \$14,914, intangible assets of \$3,018 relating to development costs, and inventories of \$1,094, totaling \$19,026. Of this amount, \$9,841 were in the North America operating segment, and \$9,185 were in the Rest of the World operating segment.

The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. Reasonably possible changes in key assumptions could result in material changes to the carrying amounts of the CGUs.

10. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade accounts payable and accrued liabilities	\$ 1,010,928	\$ 1,024,716

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

Included in trade accounts payable and accrued liabilities are contract liabilities related to advance consideration received from customers for tooling contracts. During the year ended December 31, 2025, the Company recognized \$110,064 (2024 - \$93,827) of revenues that were included in contract liabilities at the beginning of the period.

11. PROVISIONS

	Restructuring	Claims and Litigation	Total
Net as of December 31, 2023	\$ 27,777	\$ 2,115	\$ 29,892
Net additions	12,644	2,097	14,741
Amounts used during the period	(35,505)	(2,200)	(37,705)
Foreign currency translation adjustment	232	(298)	(66)
Net as of December 31, 2024	\$ 5,148	\$ 1,714	\$ 6,862
Net additions	36,118	2,802	38,920
Amounts used during the period	(25,313)	(1,852)	(27,165)
Foreign currency translation adjustment	1,419	74	1,493
Net as of December 31, 2025	\$ 17,372	\$ 2,738	\$ 20,110

(a) Restructuring

Additions to the restructuring provision in 2025 totaled \$36,118 and represent employee-related severance resulting from the rightsizing of certain operations in Germany (\$24,469), Mexico (\$4,967), Canada (\$4,237), and the United States (\$854), and the closure of an operating facility in the North America operating segment (\$1,591), resulting from the end of production of a certain OEM light vehicle platform.

Additions to the restructuring provision in 2024 totaled \$12,644 and represent employee-related severance resulting from the rightsizing of certain operations in Germany (\$6,075), Mexico (\$3,910), Canada (\$1,995), and the United States (\$664).

(b) Claims and litigation

In the normal course of business, the Company may be involved in disputes with its suppliers, customers, former employees or other third parties. Where the Company has determined that there is a probable loss that is expected from claims or litigation related to past events, a provision is recorded to cover the related risks associated with these disputes. To the best of the Company's knowledge, there are no claims or litigation in progress or pending that are likely to have a material impact on the Company's consolidated financial position.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

12. LONG-TERM DEBT

The Company's interest-bearing loans and borrowings are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 22.

	December 31, 2025	December 31, 2024
Banking facility	\$ 808,535	\$ 963,556
Equipment loans	60,274	17,858
	868,809	981,414
Current portion	(13,424)	(10,445)
	\$ 855,385	\$ 970,969

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

	Currency	Nominal interest rate	Year of maturity	December 31, 2025 Carrying amount	December 31, 2024 Carrying amount
Banking facility	USD	SOFR + 1.70%	2027	\$ 350,011	\$ 556,297
	CAD	CORRA + 1.70%	2027	208,524	157,259
	CAD	CORRA + 1.95%	2027	250,000	250,000
Equipment loans	CAD	4.79%	2030	30,268	-
	USD	4.61%	2030	22,829	-
	CAD	2.54%	2026	3,955	9,113
	EUR	2.46%	2026	964	3,526
	EUR	3.72%	2035	881	451
	EUR	0.00%	2028	640	796
	EUR	2.41%	2036	483	-
	EUR	1.40%	2026	254	3,059
	EUR	0.26%	2025	-	24
CAD	5.22%	2025	-	889	
				\$ 868,809	\$ 981,414

Subsequent to December 31, 2025, on February 27, 2026, 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 twelve banks (up from ten), include the following:

- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- available non-amortizing term loan of \$200 million (down from \$250 million) at variable interest rates;
- available revolving credit lines of \$400 million (up from \$350 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 \$400 million, up from US \$300 million;
- pricing terms at market rates, similar to the previous facility;
- a maturity date extended to February 2030 (from February 2027); and
- no mandatory principal repayment provisions for the revolving credit lines, including the new non-amortizing term loan, similar to the previous facility.

As at December 31, 2025, the Company had drawn US \$256,000 (December 31, 2024 - US \$386,000) on the U.S. revolving credit line, \$210,000 (December 31, 2024 - \$160,000) on the Canadian revolving credit line, and \$250,000 (December 31, 2024 - \$250,000) on the Canadian non-amortizing term loan. At December 31, 2025, the weighted average effective interest rate of the banking facility was 4.9% (December 31, 2024 - 5.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at December 31, 2025.

Deferred financing fees of \$1,476 (December 31, 2024 - \$2,741) have been netted against the carrying amount of the long-term debt.

On March 4, 2025, the Company finalized a five-year equipment loan in the amount of \$35,000, repayable in monthly installments commencing in 2025 at a fixed annual interest rate of 4.79%.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

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

On September 10, 2025, the Company finalized a five-year equipment loan in the amount of US \$17,161 (\$23,912), repayable in quarterly installments commencing in 2025 at a fixed annual interest rate of 4.61%.

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

Future annual minimum principal repayments as at December 31, 2025 are as follows:

	Scheduled principal repayments	Scheduled amortization of deferred financing fees	Carrying amount of outstanding loans
Within one year	\$ 14,689	\$ (1,265)	\$ 13,424
One to two years	819,857	(211)	819,646
Two to three years	10,401	-	10,401
Three to four years	10,970	-	10,970
Thereafter	14,368	-	14,368
	\$ 870,285	\$ (1,476)	\$ 868,809

Movement in long-term debt is summarized as follows:

	Total
Net as of December 31, 2023	\$ 969,236
Net repayments	(22,759)
Equipment loan proceeds	442
Equipment loan repayments	(13,990)
Deferred financing fee additions	(2,600)
Amortization of deferred financing fees	1,226
Foreign currency translation adjustment	49,859
Net as of December 31, 2024	\$ 981,414
Net repayments	(128,910)
Equipment loan proceeds	59,573
Equipment loan repayments	(16,685)
Amortization of deferred financing fees	1,265
Foreign currency translation adjustment	(27,848)
Net as of December 31, 2025	\$ 868,809

13. LEASE LIABILITIES

The Company enters into lease agreements for land and buildings, manufacturing equipment and other assets as a part of regular operations as a means of efficiently utilizing capital and managing the Company's cash flows.

Movement in lease liabilities is summarized as follows:

	Total
Net as of December 31, 2023	\$ 258,976
Net additions	16,005
Lease modifications	5,808
Principal payments of lease liabilities	(52,330)
Foreign currency translation adjustment	14,952
Net as of December 31, 2024	\$ 243,411
Net additions	4,213
Lease modifications	49,338
Additions from acquisition (note 26)	14,418
Principal payments of lease liabilities	(56,889)
Foreign currency translation adjustment	(3,335)
Net as of December 31, 2025	\$ 251,156

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

The maturity of contractual undiscounted lease liabilities as at December 31, 2025 is as follows:

		Total
Within one year	\$	69,737
One to two years		63,496
Two to three years		41,733
Three to four years		30,082
Thereafter		82,532
Total undiscounted lease liabilities at December 31, 2025	\$	287,580
Interest on lease liabilities		(36,424)
Total present value of minimum lease payments	\$	251,156
Current portion		(59,237)
	\$	191,919

14. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Company has defined benefit and non-pension post-retirement benefit plans in Canada, the United States and Germany. The defined benefit plans provide pensions based on years of service, years of contributions and earnings. The post-retirement benefit plans provide for the reimbursement of certain medical costs.

The plans are governed by the pension laws of the jurisdiction in which they are registered. The Company's pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. Local regulatory bodies either define minimum funding requirements or approve funding plans submitted by the Company. From time to time the Company may make additional discretionary contributions taking into account actuarial assessments and other factors. Actuarial valuations for the Company's defined benefit pension plans are completed based on the regulations in place in the jurisdictions where the plans operate.

The assets of the defined benefit pension plans are held in segregated accounts isolated from the Company's assets. The plans are administered pursuant to applicable regulations, investment policies and procedures and to the mandate of an established pension committee. The pension committee oversees the administration of the pension plans, which include the following principal areas:

- Overseeing the funding, administration, communication and investment management of the plans;
- Selecting and monitoring the performance of all third parties performing duties in respect of the plans, including audit, actuarial and investment management services;
- Proposing, considering and approving amendments to the defined benefit pension plans;
- Proposing, considering and approving amendments of the investment policies and procedures;
- Reviewing actuarial reports prepared in respect of the administration of the defined benefit pension plans; and
- Reviewing and approving the audited financial statements of the defined benefit pension plan funds.

The assets of the defined benefit pension plans are invested and managed following all applicable regulations and investment policies and procedures, and reflect the characteristics and asset mix of each defined benefit pension plan. Investment and market return risk is managed by:

- Contracting professional investment managers to execute the investment strategy following the investment policies and procedures and regulatory requirements;
- Specifying the kinds of investments that can be held in plans and monitoring compliance;
- Using asset allocation and diversification strategies; and
- Purchasing annuities from time to time.

The pension plans are exposed to market risks such as changes in interest rates, inflation and fluctuations in investment values. The plans are also exposed to non-financial risks in the nature of membership mortality, demographic changes and regulatory change.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Information about the Company's defined benefit plans as at December 31, 2025 and 2024, in aggregate, is as follows:

Accrued benefit obligation:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Balance, beginning of year	\$ (28,866)	\$ (45,571)	\$ (74,437)	\$ (26,854)	\$ (69,643)	\$ (96,497)
Benefits paid by the plan	1,917	2,709	4,626	1,843	4,554	6,397
Current service costs	(40)	(1,292)	(1,332)	(49)	(1,168)	(1,217)
Interest costs	(1,355)	(1,949)	(3,304)	(1,305)	(3,149)	(4,454)
Settlements	-	-	-	-	25,950	25,950
Actuarial gains (losses) - experience	417	(224)	193	(582)	(197)	(779)
Actuarial gains (losses) - financial assumptions	(28)	2,864	2,836	(764)	(851)	(1,615)
Foreign exchange translation	696	(751)	(55)	(1,155)	(1,067)	(2,222)
Balance, end of year	\$ (27,259)	\$ (44,214)	\$ (71,473)	\$ (28,866)	\$ (45,571)	\$ (74,437)

Plan Assets:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Fair value, beginning of year	\$ -	\$ 53,471	\$ 53,471	\$ -	\$ 75,539	\$ 75,539
Contributions paid into the plans	1,917	635	2,552	1,838	1,896	3,734
Benefits paid by the plans	(1,917)	(2,709)	(4,626)	(1,838)	(4,554)	(6,392)
Interest income	-	2,341	2,341	-	3,510	3,510
Administrative costs	-	(180)	(180)	-	(205)	(205)
Settlements	-	-	-	-	(25,487)	(25,487)
Remeasurements, return on plan assets recognized in other comprehensive income	-	3,305	3,305	-	1,973	1,973
Foreign exchange translation	-	84	84	-	799	799
Fair value, end of year	\$ -	\$ 56,947	\$ 56,947	\$ -	\$ 53,471	\$ 53,471
Asset ceiling	-	(4,811)	(4,811)	-	(1,925)	(1,925)
Accrued net benefit obligation, end of year	\$ (27,259)	\$ 7,922	\$ (19,337)	\$ (28,866)	\$ 5,975	\$ (22,891)

Recorded on the consolidated balance sheets as follows:

Pension assets, net of asset ceiling	\$ -	\$ 18,537	\$ 18,537	\$ -	\$ 17,493	\$ 17,493
Pension and other post-retirement benefits long-term liability	\$ (27,259)	\$ (10,615)	\$ (37,874)	\$ (28,866)	\$ (11,518)	\$ (40,384)

Certain pension plans ended the year with asset values exceeding the present value of funded obligations. Accordingly, such plans are presented as pension assets totaling \$18,537 (December 31, 2024 - \$17,493).

As at December 31, 2025, the fair value of the buy-in assets of \$14,137 (December 31, 2024 - \$15,156) is included in the fair value of plan assets and is determined to be equal to the defined benefit obligation for the covered annuitants.

During 2024, the Company fully settled pension obligations for its US registered defined benefit pension plan through lump sum payments and an annuity purchase resulting in a settlement gain of \$463 (US \$336) for the year ended December 31, 2024.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Pension expense recognized in profit or loss:

	December 31, 2025			December 31, 2024		
	Other post-retirement benefits	Pensions	Total	Other post-retirement benefits	Pensions	Total
Current service costs	\$ 40	\$ 1,292	\$ 1,332	\$ 49	\$ 1,168	\$ 1,217
Net interest cost (income)	1,355	(392)	963	1,305	(361)	944
Settlements	-	-	-	-	(463)	(463)
Administrative costs	-	180	180	-	205	205
Pension expense	\$ 1,395	\$ 1,080	\$ 2,475	\$ 1,354	\$ 549	\$ 1,903

Amounts recognized in other comprehensive income (loss), before income taxes:

	Year ended December 31, 2025	Year ended December 31, 2024
Actuarial gains (losses)	\$ 6,334	\$ (421)
Change in asset ceiling, net of interest	(2,886)	(1,925)
Amount recognized in other comprehensive income	\$ 3,448	\$ (2,346)

Plan assets are primarily composed of pooled funds, which invest in fixed income and equities, common stocks and bonds that are actively traded and annuities. Plan assets are composed of:

	December 31, 2025	December 31, 2024
Equity	56.0%	50.9%
Debt securities	19.0%	20.2%
Annuities	25.0%	28.9%
	100.0%	100.0%

As at December 31, 2025 and 2024, investments in equity and debt securities in the plan are at Level 2 on the fair value hierarchy, as defined in note 22.

The defined benefit obligation and plan assets are composed by country as follows:

	Year ended December 31, 2025				Year ended December 31, 2024			
	Canada	USA	Germany	Total	Canada	USA	Germany	Total
Present value of funded obligations	\$ (33,599)	\$ -	\$ -	\$ (33,599)	\$ (34,053)	\$ -	\$ -	\$ (34,053)
Fair value of plan assets	56,947	-	-	56,947	53,333	138	-	53,471
Funding status of funded obligations	23,348	-	-	23,348	19,280	138	-	19,418
Effect of asset ceiling	(4,811)	-	-	(4,811)	(1,925)	-	-	(1,925)
Net balance sheet position of funded obligations	18,537	-	-	18,537	17,355	138	-	17,493
Present value of unfunded obligations	(15,668)	(12,780)	(9,426)	(37,874)	(16,510)	(13,600)	(10,274)	(40,384)
Net balance sheet position of obligations	\$ 2,869	\$ (12,780)	\$ (9,426)	\$ (19,337)	\$ 845	\$ (13,462)	\$ (10,274)	\$ (22,891)

There are significant assumptions made in the calculations provided by the actuaries and it is the responsibility of the Company to determine which assumptions could result in a significant impact when determining the accrued benefit obligations and pension expense.

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

Principal actuarial assumptions, expressed as weighted averages, are summarized below:

	December 31, 2025	December 31, 2024
Defined benefit pension plans:		
Discount rate used to calculate year end benefit obligation	4.7%	4.4%
Mortality table	CPM 2014, Pri 2012 Blue collar w/ MP-2021	CPM 2014, Pri 2012 Blue collar w/ MP-2021
Other post-employment benefit plans:		
Discount rate used to calculate year end benefit obligation	4.9%	5.0%
Mortality table	CPM 2014, Pri 2012 Blue collar w/ MP-2021	CPM 2014, Pri 2012 Blue collar w/ MP-2021
Health care trend rates:		
Initial health care rate	8.6%	6.0%
Ultimate health care rate	4.5%	4.2%

Sensitivity of Key Assumptions

In the sensitivity analysis shown below, the Company determines the defined benefit obligation using the same method used to calculate the defined benefit obligations recognized in the consolidated balance sheet. Sensitivity is calculated by changing one assumption while holding the others constant. The actual change in defined benefit obligation will likely be different from that shown in the table, since it is likely that more than one assumption will change at a time, and that some assumptions are correlated.

	Impact on defined benefit obligation				
	Change in assumption	December 31, 2025		December 31, 2024	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Pension Plans					
Discount rate	0.50%	Decrease by 5.8%	Increase by 6.5%	Decrease by 6.2%	Increase by 7.1%
Life Expectancy	1 Year	Increase by 2.6%	Decrease by 2.7%	Increase by 2.6%	Decrease by 2.6%
Other post-retirement benefits					
Discount rate	0.50%	Decrease by 4.3%	Increase by 4.7%	Decrease by 4.4%	Increase by 4.9%
Medical costs	1.00%	Increase by 8.8%	Decrease by 7.7%	Increase by 8.1%	Decrease by 7.2%

15. INCOME TAXES

The components of income tax expense are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax expense	\$ (40,336)	\$ (72,051)
Deferred income tax recovery (expense)	25,393	(15,098)
Total income tax expense	\$ (14,943)	\$ (87,149)

Taxes on items recognized in other comprehensive income (loss) or directly in equity were as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Deferred tax benefit (charge) on:		
Employee benefit plan actuarial losses (gains)	\$ (797)	\$ 584
Foreign currency items	147	2,405
	\$ (650)	\$ 2,989

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Reconciliation of effective tax rate

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

	Year ended December 31, 2025	Year ended December 31, 2024
Income before income taxes	\$ 121,928	\$ 52,603
Tax at Statutory income tax rate of 26.5% (2024 - 26.5%)	32,311	13,940
Increase (decrease) in income taxes resulting from:		
Changes in estimates related to prior years	1,444	(812)
Revaluations due to foreign exchange	(30,092)	44,146
Revaluations due to inflation	(5,626)	(8,061)
Tax rate differences in foreign jurisdictions	147	(934)
Current year tax losses not benefited and withholding tax expensed	3,448	26,829
Derecognition of previously recognized deferred tax assets	2,924	1,451
Non-deductible expenses	10,387	10,590
	\$ 14,943	\$ 87,149
Effective income tax rate applicable to income before income taxes	12.3%	165.7%

The movement of deferred tax assets are summarized below:

	Losses	Employee benefits	Interest and accruals	PPE and intangible assets	Other	Total
December 31, 2023	\$ 97,341	\$ 9,758	\$ 59,213	\$ 81,137	\$ 12,201	\$ 259,650
Benefit (charge) to income	1,639	(1,332)	15,708	(36,772)	(2,333)	(23,090)
Benefit to other comprehensive income	-	584	-	-	2,405	2,989
Translation and other items	6,640	407	5,818	4,811	1,869	19,545
December 31, 2024	\$ 105,620	\$ 9,417	\$ 80,739	\$ 49,176	\$ 14,142	\$ 259,094
Benefit (charge) to income	70	1,649	(16,732)	32,210	5,165	22,362
Benefit (charge) to other comprehensive income	-	(797)	-	-	147	(650)
Translation and other items	(3,394)	(140)	(2,980)	(2,633)	23	(9,124)
December 31, 2025 before offset	\$ 102,296	\$ 10,129	\$ 61,027	\$ 78,753	\$ 19,477	\$ 271,682
Tax offset						(60,277)
December 31, 2025 after offset						\$ 211,405

The movement of deferred tax liabilities are summarized below:

	PPE and intangible assets	Other	Total
December 31, 2023	\$ (86,262)	\$ (8,675)	\$ (94,937)
Benefit to income	5,392	2,600	7,992
Translation and other items	(3,587)	(703)	(4,290)
December 31, 2024	\$ (84,457)	\$ (6,778)	\$ (91,235)
Benefit (charge) to income	3,707	(674)	3,033
Translation and other items	1,922	(540)	1,382
December 31, 2025 before offset	\$ (78,828)	\$ (7,992)	\$ (86,820)
Tax offset			60,277
December 31, 2025 after offset			\$ (26,543)
Net deferred asset at December 31, 2024		\$	167,859
Net deferred asset at December 31, 2025		\$	184,862

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

During the year ended December 31, 2025, the Company disclosed deferred tax assets and deferred tax liabilities on a net basis where a right of offset exists.

The Company has accumulated approximately \$678,009 (December 31, 2024 - \$665,639) in non-capital losses that are available to reduce taxable income in future years. If unused, these losses will expire as follows:

Year		
2026 - 2030	\$	23,969
2031 - 2045		342,109
Indefinite		311,931
	\$	678,009

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

Deferred tax assets include tax credits of \$18,301 (December 31, 2024 - \$12,648).

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax losses in foreign jurisdictions	\$ 80,083	\$ 72,076
Deductible temporary differences in foreign jurisdictions	12,547	15,116
	\$ 92,630	\$ 87,192

Deferred tax is not recognized on the unremitted earnings of foreign subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The temporary difference in respect of the amount of undistributed earnings and other differences including the outside basis difference of foreign subsidiaries is approximately \$1,233,735 at December 31, 2025 (December 31, 2024 - \$1,080,127).

On June 20, 2024, the Canadian federal government enacted the Global Minimum Tax Act ("GMTA") to implement Pillar Two from the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting. Canada's GMTA imposes a 15% global minimum tax ("GMT") on large multinational groups with consolidated revenues of at least €750,000. The GMTA applies retroactively for fiscal years beginning on or after December 31, 2023. For the year ended December 31, 2025, the Company meets the Country-by-Country Reporting Safe Harbour tests in all applicable jurisdictions, and no GMT has been recognized in the consolidated financial statements. Additionally, no deferred tax liability has been recorded in connection with the GMT, as management expects that the Company will continue to qualify for safe harbour relief in the foreseeable future, subject to ongoing assessment of financial and tax positions in relevant jurisdictions.

Other future changes in tax law in any of the jurisdictions in which the Company has a presence could significantly impact the Company's provision for income taxes, taxes recoverable and payable, and deferred tax asset and liability balances.

16. CAPITAL STOCK

Common shares outstanding:	Number	Amount
Balance as of December 31, 2023	78,141,440	\$ 645,256
Exercise of stock options	25,000	350
Repurchase of common shares under normal course issuer bid	(5,378,592)	(44,418)
Balance as of December 31, 2024	72,787,848	601,188
Repurchase of common shares under normal course issuer bid	(778,698)	(6,432)
Balance as of December 31, 2025	72,009,150	\$ 594,756

The Company is authorized to issue an unlimited number of common shares. The Company's shares have no par value.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Repurchase of capital stock:

On April 29, 2024, the Company renewed its normal course issuer bid ("NCIB") receiving approval from the Toronto Stock Exchange ("TSX") to acquire for cancellation up to an additional 6,435,000 common shares of the Company. The renewed bid commenced on May 2, 2024 and spanned a 12-month period.

During 2024, the Company purchased for cancellation an aggregate of 5,378,592 common shares for an aggregate purchase price of \$62,497 resulting in a reduction to capital stock of \$44,418 and a decrease to retained earnings of \$18,079. The shares were purchased and cancelled directly under the NCIB.

On May 23, 2025, the Company renewed the NCIB receiving approval from the TSX to acquire for cancellation up to an additional 7,110,571 common shares of the Company. The renewed bid commenced on May 27, 2025 and spans a 12-month period.

During 2025, the Company purchased for cancellation an aggregate of 778,698 common shares for an aggregate purchase price of \$8,168 resulting in a reduction to capital stock of \$6,432 and a decrease to retained earnings of \$1,736. The shares were purchased and cancelled directly under the NCIB.

Stock options

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

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	2,245,000	\$ 13.22	2,328,500	\$ 13.56
Granted during the period	-	-	500,000	10.16
Exercised during the period	-	-	(25,000)	10.80
Cancelled during the period	(175,000)	15.24	-	-
Expired during the period	(75,000)	13.87	(558,500)	12.02
Balance, end of period	1,995,000	\$ 13.02	2,245,000	\$ 13.22
Options exercisable, end of period	1,585,000	\$ 13.75	1,710,000	\$ 14.12

The following is a summary of the issued and outstanding common share purchase options as at December 31, 2025:

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

The Black-Scholes-Merton option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Company's stock options are not transferable, cannot be traded and are subject to vesting and exercise restrictions under the Company's black-out policy, which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

The key assumptions, on a weighted average basis, used in the valuation of options granted during the year ended December 31, 2024 are shown in the table below. No options were granted during the year ended December 31, 2025.

	Year ended December 31, 2024
Expected volatility	42.29%
Risk free interest rate	2.90%
Expected life (years)	5.0
Dividend yield	1.97%
Weighted average fair value of options granted	\$ 3.17

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

For the year ended December 31, 2025, the Company expensed \$708 (2024 - \$229), respectively, to reflect stock-based compensation expense, as derived using the Black-Scholes-Merton option valuation model.

Deferred Share Unit (“DSU”) Plan

The following is a summary of the issued and outstanding DSUs as at December 31, 2025 and 2024:

	Year ended December 31, 2025	Year ended December 31, 2024
Outstanding, beginning of period	1,056,743	836,505
Grants and reinvested dividends	322,488	220,238
Redeemed	-	-
Outstanding, end of period	1,379,231	1,056,743

The DSUs granted during the year ended December 31, 2025 and 2024 had a weighted average fair value per unit of \$8.46 and \$11.50, respectively, on the date of grant. For the year ended December 31, 2025, DSU compensation expense/benefit reflected in the consolidated statement of operations, including changes in fair value during the period, amounted to an expense of \$3,523 (2024 - a benefit of \$302), recorded in selling, general and administrative expense.

Unrecognized DSU compensation expense as at December 31, 2025 was \$1,544 (December 31, 2024 - \$1,118) and will be recognized in profit or loss over the remaining vesting period.

Performance Restricted Share Unit (“PSU” and “RSU”) Plan

The following is a summary of the issued and outstanding RSUs and PSUs for the year ended December 31, 2025 and 2024:

	RSUs	PSUs	Total
Outstanding, December 31, 2023	809,190	644,195	1,453,385
Grants and reinvested dividends	504,322	414,014	918,336
Redeemed	(368,170)	(287,815)	(655,985)
Cancelled	(14,566)	(14,200)	(28,766)
Outstanding, December 31, 2024	930,776	756,194	1,686,970
Grants and reinvested dividends	646,538	512,771	1,159,309
Redeemed	(445,189)	(351,061)	(796,250)
Cancelled	(11,790)	(25,164)	(36,954)
Outstanding, December 31, 2025	1,120,335	892,740	2,013,075

The RSUs and PSUs granted during the year ended December 31, 2025 and 2024 had a weighted average fair value per unit of \$8.85 and \$11.86, respectively, on the date of grant. For the year ended December 31, 2025, RSU and PSU compensation expense reflected in the consolidated statement of operations, including changes in fair value during the period, amounted to \$9,385 (2024 - \$4,669), recorded in selling, general and administrative expense.

Unrecognized RSU and PSU compensation expense as at December 31, 2025 was \$7,339 (December 31, 2024 - \$5,801) and will be recognized in profit or loss over the remaining vesting period.

The key assumptions, on a weighted average basis, used in the valuation of PSUs granted during the year ended December 31, 2025 and 2024 are shown in the table below:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected life (years)	2.31	2.27
Risk free interest rate	2.51%	3.51%

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

17. EARNINGS (LOSS) PER SHARE

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

	Year ended December 31, 2025		Year ended December 31, 2024	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	72,713,041	\$ 1.47	75,500,954	\$ (0.46)
Effect of dilutive securities:				
Stock options	-	-	-	-
Diluted	72,713,041	\$ 1.47	75,500,954	\$ (0.46)

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

For the year ended December 31, 2025, 1,995,000 (2024 - 1,720,000) options were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

18. RESEARCH AND DEVELOPMENT COSTS

	Year ended December 31, 2025	Year ended December 31, 2024
Research and development costs, gross	\$ 42,794	\$ 38,389
Capitalized development costs	(9,184)	(7,228)
Amortization of capitalized development costs	8,280	11,070
Research and development costs, net	\$ 41,890	\$ 42,231

19. PERSONNEL EXPENSES

The consolidated statement of operations presents operating expenses by function. Operating expenses include the following personnel-related expenses:

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries and other short-term employee benefits		\$ 1,302,557	\$ 1,333,693
Expenses related to pension and post-retirement benefits	14	2,475	1,903
RSU and PSU compensation expense (including changes in fair value during the year)	16	9,385	4,669
DSU compensation expense (benefit) (including changes in fair value during the year)	16	3,523	(302)
Stock-based compensation expense	16	708	229
		\$ 1,318,648	\$ 1,340,192

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

20. FINANCE EXPENSE AND OTHER FINANCE INCOME (EXPENSE)

	Year ended December 31, 2025	Year ended December 31, 2024
Debt interest, gross	\$ (61,236)	\$ (78,380)
Interest on lease liabilities	(10,800)	(10,925)
Capitalized interest - at an average rate of 5.4% (2024 - 7.1%)	7,794	13,291
Finance expense	\$ (64,242)	\$ (76,014)

	Year ended December 31, 2025	Year ended December 31, 2024
Net foreign exchange gain (loss)	\$ (3,125)	\$ 5,888
Other income (expense), net	(253)	1,025
Other finance income (expense)	\$ (3,378)	\$ 6,913

21. OPERATING SEGMENTS

The Company is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems. It conducts its operations through divisions, which function as autonomous business units, following a corporate policy of functional and operational decentralization. The Company's offerings include a wide array of products, assemblies and systems for small and large cars, crossovers, pickups and sport utility vehicles.

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by management. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. Given the differences among the regions in which the Company operates, Martinrea's operations are segmented on a geographic basis between North America, Europe and Rest of the World.

The accounting policies of the segments are the same as those described in the material accounting policies in note 2 of the consolidated financial statements. The Company uses operating income as the basis for the CODM to evaluate the performance of each of the Company's reportable segments.

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

	Year ended December 31, 2025				
	Production Sales	Tooling Sales	Total Sales	Property, plant and equipment and Right-of-use assets	Operating Income (Loss)
North America					
Canada	\$ 501,588	\$ 86,662	\$ 588,250	\$ 337,867	
USA	1,343,947	20,009	1,363,956	475,916	
Mexico	1,864,725	79,143	1,943,868	827,142	
Eliminations	(168,959)	(48,756)	(217,715)	-	
	\$ 3,541,301	\$ 137,058	\$ 3,678,359	\$ 1,640,925	\$ 221,963
Europe					
Germany	697,462	43,922	741,384	232,539	
Spain	207,659	15,683	223,342	151,943	
Slovakia	64,347	5,354	69,701	2,059	
Eliminations	(7)	(4)	(11)	-	
	\$ 969,461	\$ 64,955	\$ 1,034,416	\$ 386,541	\$ (31,202)
Rest of the World	115,882	11,071	126,953	48,880	1,713
Eliminations	(15,946)	(1,931)	(17,877)	-	-
	\$ 4,610,698	\$ 211,153	\$ 4,821,851	\$ 2,076,346	\$ 192,474

Included in the Operating Income (Loss) for the year ended December 31, 2025 is total depreciation and amortization expense of \$313,117. Of this amount, \$248,683 was recognized in North America, \$56,568 in Europe, and \$7,866 in the Rest of the World operating segment.

Martinrea International Inc.
Notes to the Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts)

Year ended December 31, 2024						
	Production Sales	Tooling Sales	Total Sales	Property, plant and equipment and Right-of-use assets	Operating Income (Loss)	
North America						
Canada	\$ 515,765	\$ 76,639	\$ 592,404	\$ 290,937		
USA	1,457,087	12,961	1,470,048	556,873		
Mexico	1,841,314	146,275	1,987,589	894,943		
Eliminations	(183,339)	(76,881)	(260,220)	-		
	\$ 3,630,827	\$ 158,994	\$ 3,789,821	\$ 1,742,753	\$	210,565
Europe						
Germany	732,381	91,569	823,950	226,872		
Spain	227,226	11,634	238,860	140,664		
Slovakia	53,214	2,115	55,329	-		
Eliminations	(380)	(2,736)	(3,116)	-		
	\$ 1,012,441	\$ 102,582	\$ 1,115,023	\$ 367,536	\$	(54,586)
Rest of the World	115,010	19,445	134,455	54,517		(31,371)
Eliminations	(21,203)	(3,969)	(25,172)	-		-
	\$ 4,737,075	\$ 277,052	\$ 5,014,127	\$ 2,164,806	\$	124,608

Included in the Operating Income (Loss) for the year ended December 31, 2024 is total depreciation and amortization expense of \$346,549. Of this amount, \$261,617 was recognized in North America, \$70,245 in Europe, and \$14,687 in the Rest of the World operating segment.

22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investments, trade and other payables, long-term debt, and foreign exchange forward contracts.

Fair Value

IFRS 13, Fair Value Measurement, defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's applicable financial instruments are valued:

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 174,144	\$ 174,144	\$ -	\$ -
Investment in shares of AlumaPower (note 8)	4,036	-	-	4,036
Investment in shares and convertible notes of Equispheres (note 8)	10,030	-	-	10,030
Foreign exchange forward contracts not accounted for as hedges (note 3)	839	-	839	-
December 31, 2024				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 167,951	\$ 167,951	\$ -	\$ -
Investment in shares of AlumaPower (note 8)	4,036	-	-	4,036
Investment in shares of Equispheres (note 8)	9,030	-	-	9,030
Foreign exchange forward contracts not accounted for as hedges (note 3)	2,286	-	2,286	-

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheets, are as follows:

December 31, 2025	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:						
Trade and other receivables	\$ -	\$ -	\$ 590,747	\$ -	\$ 590,747	\$ 590,747
Investment in shares of AlumaPower	-	4,036	-	-	4,036	4,036
Investment in shares and convertible notes of Equispheres	-	9,030	-	1,000	10,030	10,030
Foreign exchange forward contracts not accounted for as hedges	839	-	-	-	839	839
	\$ 839	\$ 13,066	\$ 590,747	\$ 1,000	\$ 605,652	\$ 605,652
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,010,928)	(1,010,928)	(1,010,928)
Long-term debt	-	-	-	(868,809)	(868,809)	(868,809)
	\$ -	\$ -	\$ -	\$ (1,879,737)	\$ (1,879,737)	\$ (1,879,737)
Net financial assets (liabilities)	\$ 839	\$ 13,066	\$ 590,747	\$ (1,878,737)	\$ (1,274,085)	\$ (1,274,085)

December 31, 2024	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:						
Trade and other receivables	\$ -	\$ -	\$ 611,219	\$ -	\$ 611,219	\$ 611,219
Investment in shares of AlumaPower	-	4,036	-	-	4,036	4,036
Investment in shares of Equispheres	-	9,030	-	-	9,030	9,030
Foreign exchange forward contracts not accounted for as hedges	2,286	-	-	-	2,286	2,286
	\$ 2,286	\$ 13,066	\$ 611,219	\$ -	\$ 626,571	\$ 626,571
FINANCIAL LIABILITIES:						
Trade and other payables	-	-	-	(1,024,716)	(1,024,716)	(1,024,716)
Long-term debt	-	-	-	(981,414)	(981,414)	(981,414)
	\$ -	\$ -	\$ -	\$ (2,006,130)	\$ (2,006,130)	\$ (2,006,130)
Net financial assets (liabilities)	\$ 2,286	\$ 13,066	\$ 611,219	\$ (2,006,130)	\$ (1,379,559)	\$ (1,379,559)

The fair values of trade and other receivables and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying amount since it is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based.

The fair values of investments in AlumaPower and Equispheres are estimated based on valuation methods using the observable transaction price at the transaction dates and other observable inputs including rights and obligations of these investments.

The fair values of the forward contracts are determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Risk Management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated basis.

(a) Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations. Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, trade and other receivables, and foreign exchange forward contracts.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

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

In the normal course of business, the Company is exposed to credit risk from its customers. The Company has three customers whose sales were 30.8%, 20.5%, and 9.8% of its production sales for the year ended December 31, 2025 (2024 - 29.1%, 21.9%, and 10.3%). A substantial portion of the Company's trade receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. The level of trade receivables that were past due as at December 31, 2025 is within the normal payment pattern of the industry. The allowance for doubtful accounts is less than 1.0% of total trade receivables for all periods and movements in the period were minimal.

The aging of trade receivables at the reporting date was as follows:

	December 31, 2025	December 31, 2024
0-60 days	\$ 508,403	\$ 565,970
61-90 days	4,107	852
Greater than 90 days	4,614	4,251
	\$ 517,124	\$ 571,073

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company manages liquidity risk by monitoring sales volumes and collection efforts to ensure sufficient cash flows are generated from operations to meet its liabilities when they become due. Management monitors consolidated cash flows on a weekly basis covering a rolling 12-week period, quarterly through forecasting and annually through the Company's budget process. At December 31, 2025, the Company had cash of \$174,144 (December 31, 2024 - \$167,951) and banking facilities available as discussed in note 12. All of the Company's financial liabilities other than long-term debt have maturities of approximately 60 days.

A summary of contractual maturities of long-term debt is provided in note 12.

(c) Interest rate risk

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

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

	Carrying amount	
	December 31, 2025	December 31, 2024
Variable rate instruments	\$ 808,535	\$ 963,556
Fixed rate instruments	60,274	17,858
	\$ 868,809	\$ 981,414

Sensitivity analysis

An increase of 1.0% in all variable interest rate debt would, all else being equal, have an effect of \$9,247 (2024 - \$10,013) on the Company's consolidated financial results for the year ended December 31, 2025.

(d) Currency risk

Currency risk refers to the risk that the value of the financial instruments or cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The Company undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures.

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

At December 31, 2025, the Company had committed to the following foreign exchange contracts:

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

Currency - Buy/Sell	For U.S. dollars		For Canadian dollars		Maximum period in months
	Amount of U.S. dollars	Weighted average exchange rates	Amount of CAD	Weighted average exchange rates	
Buy Mexican Peso	\$ 7,890	\$ 19.0124	\$ -	\$ -	1
Sell Euro	-	-	3,347	1.6733	1
Sell Chinese Yuan	5,500	0.1420	-	-	1
Sell Brazilian Real	4,000	0.1835	-	-	1

The aggregate value of these forward contracts as at December 31, 2025 was a pre-tax gain of \$839 and was recorded in trade and other receivables (December 31, 2024 - pre-tax gain of \$2,286 recorded in trade and other receivables).

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

December 31, 2025	USD	EURO	PESO	BRL	CNY
Trade and other receivables	\$ 307,315 €	77,780 \$	9,249 R\$	12,351 ¥	53,392
Trade and other payables	(451,490)	(148,952)	(451,009)	(37,388)	(60,597)
Long-term debt	(272,697)	(2,002)	-	-	-
	\$ (416,872) €	(73,174) \$	(441,760) R\$	(25,037) ¥	(7,205)

December 31, 2024	USD	EURO	PESO	BRL	CNY
Trade and other receivables	\$ 314,371 €	77,985 \$	64,329 R\$	26,197 ¥	59,071
Trade and other payables	(406,531)	(171,618)	(718,970)	(66,613)	(87,903)
Long-term debt	(386,000)	(5,230)	-	-	-
	\$ (478,160) €	(98,863) \$	(654,641) R\$	(40,416) ¥	(28,832)

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

	Average rate		Closing rate	
	Year ended December 31, 2025	Year ended December 31, 2024	December 31, 2025	December 31, 2024
USD	1.4010	1.3627	1.3672	1.4412
EURO	1.5648	1.4802	1.6099	1.5021
PESO	0.0722	0.0759	0.0763	0.0709
BRL	0.2483	0.2589	0.2466	0.2327
CNY	0.1943	0.1897	0.1951	0.1977

Sensitivity analysis

The Company does not have significant foreign currency exposure based on each subsidiary's functional currency. However, a 10% strengthening of the Canadian dollar against the following currencies at December 31, would give rise to a translation risk on net income and would have increased (decreased) equity, profit or loss and comprehensive income for the year ended December 31, 2025 and 2024 by the amounts shown below, assuming all other variables remain constant:

	Year ended December 31, 2025	Year ended December 31, 2024
USD	\$ (7,271)	\$ (2,588)
EURO	237	4,864
BRL	210	1,462
CNY	(109)	2,025
	\$ (6,933)	\$ 5,763

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

A weakening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with complementary acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive income and retained earnings, and debt.

The Company manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue shares, repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

In addition to debt and equity, the Company may use leases as additional sources of financing. The Company monitors debt leverage ratios as part of the management of liquidity and shareholders' return and to sustain future development of the business. The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the prior year.

23. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain manufacturing facilities, manufacturing equipment, office equipment and vehicles under short-term leases and enters into purchase obligations in the normal course of business related to inventory, services, tooling and property, plant and equipment. The aggregate expected payments towards those obligations are as follows:

	December 31, 2025	December 31, 2024
Future minimum lease payments*	\$ 1,578	\$ 1,142
Capital and other purchase commitments	390,857	452,815
Letters of credit	19,297	21,774
	\$ 411,732	\$ 475,731

*These amounts relate to leases that did not meet the recognition criteria for lease liabilities under IFRS 16.

Future minimum lease payments under short-term leases are due as follows:

	December 31, 2025	December 31, 2024
Less than one year	\$ 1,310	\$ 720
Between one and five years	268	422
	\$ 1,578	\$ 1,142

Contingencies

The Company has contingent liabilities relating to legal and tax proceedings arising in the normal course of its business. Known claims and litigation involving the Company or its subsidiaries were reviewed at the end of the reporting period. Based on the advice of legal counsel, all necessary provisions have been made to cover the related risks, however, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any claims and ensuing proceedings are determined adversely to the Company, the amounts the Company may be required to pay could be material and in excess of any amounts accrued. In addition, new proceedings may be initiated against the Company as a result of facts or circumstances unknown at the date of these consolidated financial statements or for which the risk cannot yet be determined or quantified. Such proceedings could have a significant adverse impact on the Company's financial results.

Tax contingencies

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

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo's tax authorities for certain historical VAT credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties, and interest charges. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities and most recent developments surrounding the assessments, is approximately \$38,258 (BRL \$155,125) including interest and penalties to December 31, 2025 (December 31, 2024 - \$38,691 or BRL \$166,277). The assessments are at various stages in the process. Four assessments totaling \$23,393 (BRL \$94,854) including interest and penalties as at December 31, 2025, have entered the judicial litigation process. The Company's subsidiary may be required to present guarantees related to these assessments up to \$21,531 (BRL \$87,301) shortly through a pledge of assets, bank letter of credit or cash deposit.

The Company's subsidiaries in Mexico and Germany are currently being assessed by Federal and State Tax authorities for tax deductions taken mainly in respect of certain intercompany transactions. Based on the audit assessments issued by the tax authorities, the potential exposure, including interest and penalties to December 31, 2025, is approximately \$403,639 (MXN \$5,291,065) (December 31, 2024 - \$141,187 or MXN \$1,991,745) in Mexico for 2013 and 2015 to 2018 tax years, and \$34,270 (EURO €21,287) (December 31, 2024 - \$30,407 or EURO €20,243) in Germany for 2014 to 2016 tax years.

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

24. GUARANTEES

The Company is a guarantor under a tooling financing program. The tooling financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to the tooling suppliers through this financing arrangement do not appear on the Company's consolidated balance sheet unless the sale on the corresponding tooling project has been recognized, at which point a tooling trade payable on the project is recorded. At December 31, 2025, the amount of the off-balance sheet program financing was \$9,781 (December 31, 2024 - \$9,948) representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee.

The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligations to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of the tooling supplier default as remote. No such defaults occurred during 2025 or 2024. Moreover, if such an instance were to occur, the Company would obtain the tooling inventory. The term of the guarantee will vary from program to program, but typically range up to twenty-four months.

25. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel include the Board of Directors and the most Senior Corporate Officers of the Company that are primarily responsible for planning, directing, and controlling the Company's business activities.

The compensation expense associated with key management for employee services was included in employee salaries and benefits as follows:

	Year ended		Year ended	
	December 31, 2025		December 31, 2024	
Salaries, pension and other short-term employee benefits	\$	16,821	\$	15,563
RSU, PSU and DSU compensation expense (benefit) (including changes in fair value during the year)		10,846		3,084
Stock-based compensation expense		697		187
Net expense	\$	28,364	\$	18,834

Martinrea International Inc.

Notes to the Consolidated Financial Statements

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

26. ACQUISITION

On October 20, 2025, the Company acquired certain assets and assumed certain liabilities of Lyseon North America, Inc. ("Lyseon"). Lyseon operated a plant in Tulsa, Oklahoma, and was engaged primarily in manufacturing metal parts and assemblies for the bus market. The net cash purchase price for the transaction was US \$1,250 (\$1,754), including working capital, and on a debt free basis.

27. SUBSEQUENT EVENT

On February 5, 2026, the Company entered into an agreement to sell one of its plants in China for CNY ¥8,000 (\$1,577). The transaction is expected to close in the second quarter of 2026 subject to various closing conditions, including government approval in China and, as such, there can be no assurance that the transaction will ultimately be consummated.