



**Magna International Inc.**

**Interim Financial Statements for the three months  
ended September 30, 2022**

**MAGNA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

[Unaudited]

[U.S. dollars in millions, except per share figures]

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
<b>Sales</b>	15	<b>\$ 9,268</b>	\$ 7,919	<b>\$ 28,272</b>	\$ 27,132
<b>Costs and expenses</b>					
Cost of goods sold		<b>8,126</b>	6,885	<b>24,785</b>	23,275
Depreciation and amortization		<b>341</b>	385	<b>1,070</b>	1,123
Selling, general and administrative		<b>387</b>	454	<b>1,183</b>	1,303
Interest expense, net		<b>18</b>	22	<b>64</b>	56
Equity income		<b>(27)</b>	(34)	<b>(72)</b>	(125)
Other expense, net	2	<b>23</b>	180	<b>510</b>	128
Income from operations before income taxes		<b>400</b>	27	<b>732</b>	1,372
Income taxes	10	<b>104</b>	10	<b>202</b>	297
<b>Net income</b>		<b>296</b>	17	<b>530</b>	1,075
Income attributable to non-controlling interests		<b>(7)</b>	(6)	<b>(33)</b>	(25)
<b>Net income attributable to Magna International Inc.</b>		<b>\$ 289</b>	\$ 11	<b>\$ 497</b>	\$ 1,050
Earnings per Common Share:	3				
Basic		<b>\$ 1.01</b>	\$ 0.04	<b>\$ 1.70</b>	\$ 3.49
Diluted		<b>\$ 1.00</b>	\$ 0.04	<b>\$ 1.70</b>	\$ 3.46
Cash dividends paid per Common Share		<b>\$ 0.45</b>	\$ 0.43	<b>\$ 1.35</b>	\$ 1.29
Weighted average number of Common Shares outstanding during the period [in millions]:	3				
Basic		<b>287.9</b>	300.7	<b>291.9</b>	300.9
Diluted		<b>288.5</b>	302.6	<b>292.8</b>	303.2

See accompanying notes

**MAGNA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2022	2021	2022	2021
<b>Net income</b>		<b>\$ 296</b>	<b>\$ 17</b>	<b>\$ 530</b>	<b>\$ 1,075</b>
Other comprehensive loss, net of tax:	12				
Net unrealized loss on translation of net investment in foreign operations		<b>(474)</b>	(124)	<b>(920)</b>	(127)
Net unrealized (loss) gain on cash flow hedges		<b>(56)</b>	(22)	<b>(51)</b>	25
Reclassification of net gain on cash flow hedges to net income		<b>(6)</b>	(19)	<b>(25)</b>	(37)
Reclassification of net loss on pensions to net income		<b>2</b>	3	<b>4</b>	7
Reserve for cumulative translation losses		<b>—</b>	—	<b>203</b>	—
Pension and post retirement benefits		<b>—</b>	1	<b>1</b>	2
<b>Other comprehensive loss</b>		<b>(534)</b>	(161)	<b>(788)</b>	(130)
Comprehensive (loss) income		<b>(238)</b>	(144)	<b>(258)</b>	945
Comprehensive loss (income) attributable to non-controlling interests		<b>16</b>	(7)	<b>14</b>	(28)
<b>Comprehensive (loss) income attributable to   Magna International Inc.</b>		<b>\$ (222)</b>	<b>\$ (151)</b>	<b>\$ (244)</b>	<b>\$ 917</b>

See accompanying notes

# MAGNA INTERNATIONAL INC.

## CONSOLIDATED BALANCE SHEETS

[Unaudited]

[U.S. dollars in millions]

	Note	As at September 30, 2022	As at December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	\$ 1,102	\$ 2,948
Accounts receivable		7,082	6,307
Inventories	6	4,108	3,969
Prepaid expenses and other		269	278
		<b>12,561</b>	<b>13,502</b>
Investments	7	1,323	1,593
Fixed assets, net		7,470	8,293
Operating lease right-of-use assets		1,545	1,700
Intangible assets, net		438	493
Goodwill		1,931	2,122
Deferred tax assets		488	421
Other assets	8	911	962
		<b>\$ 26,667</b>	<b>\$ 29,086</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 6,624	\$ 6,465
Other accrued liabilities	9	1,986	2,156
Accrued salaries and wages		810	851
Income taxes payable		97	200
Long-term debt due within one year		95	455
Current portion of operating lease liabilities		266	274
		<b>9,878</b>	<b>10,401</b>
Long-term debt		3,325	3,538
Operating lease liabilities		1,254	1,406
Long-term employee benefit liabilities		617	700
Other long-term liabilities		397	376
Deferred tax liabilities		350	440
		<b>15,821</b>	<b>16,861</b>
<b>Shareholders' equity</b>			
Capital stock			
Common Shares			
[issued: 285,903,854; December 31, 2021 – 300,527,416]	11	3,294	3,403
Contributed surplus		103	102
Retained earnings		8,676	9,231
Accumulated other comprehensive loss	12	(1,632)	(900)
		<b>10,441</b>	<b>11,836</b>
Non-controlling interests		405	389
		<b>10,846</b>	<b>12,225</b>
		<b>\$ 26,667</b>	<b>\$ 29,086</b>

See accompanying notes

**MAGNA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

[Unaudited]  
[U.S. dollars in millions]

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
<b>Cash provided from (used for):</b>					
<b>OPERATING ACTIVITIES</b>					
Net income		\$ 296	\$ 17	\$ 530	\$ 1,075
Items not involving current cash flows	5	295	515	1,370	1,205
		<b>591</b>	<b>532</b>	<b>1,900</b>	<b>2,280</b>
Changes in operating assets and liabilities	5	(353)	(132)	(1,061)	(691)
<b>Cash provided from operating activities</b>		<b>238</b>	<b>400</b>	<b>839</b>	<b>1,589</b>
<b>INVESTMENT ACTIVITIES</b>					
Fixed asset additions		(364)	(334)	(931)	(823)
Increase in equity method investments	7	—	(454)	—	(454)
Increase in investments, other assets and intangible assets		(125)	(101)	(269)	(298)
Funding provided on sale of business	2	—	(41)	6	(41)
Increase in public and private equity investments		(25)	(3)	(29)	(23)
Proceeds from disposition		41	10	104	49
Settlement of long-term receivable from non-consolidated JV		—	—	—	50
Business combinations		—	—	—	18
<b>Cash used for investing activities</b>		<b>(473)</b>	<b>(923)</b>	<b>(1,119)</b>	<b>(1,522)</b>
<b>FINANCING ACTIVITIES</b>					
Issues of debt		14	11	45	34
Increase (decrease) in short-term borrowings		2	—	3	(101)
Repayments of debt		(26)	(24)	(417)	(105)
Issue of Common Shares on exercise of stock options		1	3	5	136
Tax withholdings on vesting of equity awards		—	—	(15)	(12)
Contributions to subsidiaries by non-controlling interests		—	—	5	—
Repurchase of Common Shares	11	(180)	(5)	(775)	(266)
Dividends paid to non-controlling interests		(10)	(2)	(22)	(10)
Dividends paid		(125)	(130)	(388)	(387)
<b>Cash used for financing activities</b>		<b>(324)</b>	<b>(147)</b>	<b>(1,559)</b>	<b>(711)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalents		(3)	(8)	(7)	18
Net decrease in cash and cash equivalents during the period		(562)	(678)	(1,846)	(626)
Cash, cash equivalents and restricted cash equivalents, beginning of period		1,664	3,426	2,948	3,374
<b>Cash and cash equivalents, end of period</b>	5	<b>\$ 1,102</b>	<b>\$ 2,748</b>	<b>\$ 1,102</b>	<b>\$ 2,748</b>

See accompanying notes

**MAGNA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

[Unaudited]  
[U.S. dollars in millions]

Nine months ended September 30, 2022								
	Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>(i)</sup>	Non- controlling Interest	Total Equity
		Number	Stated Value					
		<i>[in millions]</i>						
<b>Balance, December 31, 2021</b>		297.9	\$ 3,403	\$ 102	\$ 9,231	\$ (900)	\$ 389	\$ 12,225
Net income					497		33	530
Other comprehensive loss						(741)	(47)	(788)
Shares issued on exercise of stock options		0.1	6	(1)				5
Release of stock and stock units		0.5	20	(20)				
Tax withholdings on vesting of equity rewards		(0.2)	(2)		(13)			(15)
Repurchase and cancellation under normal course issuer bid	11	(12.4)	(140)		(644)	9		(775)
Stock-based compensation expense Business Combinations	4			22			47	22 47
Contribution by non-controlling interests							5	5
Dividends paid to non-controlling Interests							(22)	(22)
Dividends paid			7		(395)			(388)
<b>Balance, September 30, 2022</b>		<b>285.9</b>	<b>\$ 3,294</b>	<b>\$ 103</b>	<b>\$ 8,676</b>	<b>\$ (1,632)</b>	<b>\$ 405</b>	<b>\$ 10,846</b>

Three months ended September 30, 2022								
	Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>(i)</sup>	Non- controlling Interest	Total Equity
		Number	Stated Value					
		<i>[in millions]</i>						
<b>Balance, June 30, 2022</b>		289.0	\$ 3,326	\$ 96	\$ 8,662	\$ (1,124)	\$ 384	\$ 11,344
Net income					289		7	296
Other comprehensive loss						(511)	(23)	(534)
Shares issued on exercise of stock options			1					1
Repurchase and cancellation under normal course issuer bid	11	(3.1)	(36)		(147)	3		(180)
Stock-based compensation expense Business Combinations	4			7			47	7 47
Dividends paid to non-controlling interests							(10)	(10)
Dividends paid			3		(128)			(125)
<b>Balance, September 30, 2022</b>		<b>285.9</b>	<b>\$ 3,294</b>	<b>\$ 103</b>	<b>\$ 8,676</b>	<b>\$ (1,632)</b>	<b>\$ 405</b>	<b>\$ 10,846</b>

(i) AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

**MAGNA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

[Unaudited]  
[U.S. dollars in millions]

	Nine months ended September 30, 2021							Total Equity
	Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>(i)</sup>	Non- controlling Interest	
		Number	Stated Value					
		<i>[in millions]</i>						
<b>Balance, December 31, 2020</b>		300.5	\$ 3,271	\$ 128	\$ 8,704	\$ (733)	\$ 350	\$ 11,720
Net income					1,050		25	1,075
Other comprehensive loss						(133)	3	(130)
Shares issued on exercise of stock options		2.9	164	(28)				136
Release of stock and stock units		0.4	17	(17)				
Tax withholdings on vesting of equity rewards			(2)		(10)			(12)
Repurchase and cancellation under normal course issuer bid		(3.1)	(32)		(235)	1		(266)
Stock-based compensation expense				24				24
Business combinations							19	19
Dividends paid to non-controlling interests							(10)	(10)
Dividends paid		0.1	7		(394)			(387)
<b>Balance, September 30, 2021</b>		<b>300.8</b>	<b>\$ 3,425</b>	<b>\$ 107</b>	<b>\$ 9,115</b>	<b>\$ (865)</b>	<b>\$ 387</b>	<b>\$ 12,169</b>

	Three months ended September 30, 2021							Total Equity
	Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>(i)</sup>	Non- controlling Interest	
		Number	Stated Value					
		<i>[in millions]</i>						
<b>Balance, June 30, 2021</b>		300.7	\$ 3,416	\$ 104	\$ 9,241	\$ (703)	\$ 382	\$ 12,440
Net income					11		6	17
Other comprehensive income						(162)	1	(161)
Shares issued on exercise of stock options		0.1	4	(1)				3
Release of stock and stock units		0.1	3	(3)				
Repurchase and cancellation under normal course issuer bid		(0.1)			(5)			(5)
Stock-based compensation expense				7				7
Dividends paid to non-controlling interests							(2)	(2)
Dividends paid			2		(132)			(130)
<b>Balance, September 30, 2021</b>		<b>300.8</b>	<b>\$ 3,425</b>	<b>\$ 107</b>	<b>\$ 9,115</b>	<b>\$ (865)</b>	<b>\$ 387</b>	<b>\$ 12,169</b>

(i) AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

# **MAGNA INTERNATIONAL INC.**

## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*[Unaudited]*

*[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]*

---

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **[a] Basis of presentation**

The unaudited interim consolidated financial statements of Magna International Inc. and its subsidiaries [collectively "Magna" or the "Company"] have been prepared in U.S. dollars following accounting principles generally accepted in the United States of America ["GAAP"]. The unaudited interim consolidated financial statements do not conform in all respects to the requirements of GAAP for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the December 31, 2021 audited consolidated financial statements and notes thereto included in the Company's 2021 Annual Report.

The unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position as at September 30, 2022 and the results of operations, changes in equity, and cash flows for the three and nine-month periods ended September 30, 2022 and 2021.

#### **[b] Use of Estimates**

The preparation of the unaudited interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the interim consolidated financial statements and accompanying notes. Due to the inherent uncertainty involved in making estimates, actual results could ultimately differ from those estimates.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**2. OTHER EXPENSE, NET**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Restructuring and impairments	[a] \$ 14	24	\$ 390	83
Losses (gains) on investments	[b] 9	81	120	10
Loss on sale of business	[c] —	75	—	75
Gain on business combinations	[d] —	—	—	(40)
	<b>\$ 23</b>	<b>\$ 180</b>	<b>\$ 510</b>	<b>\$ 128</b>

**[a] Restructuring and impairments**

During the third quarter of 2022, the GAC-Group and Stellantis decided to terminate their GAC-Stellantis joint venture in China. As a result, the Company recorded a provision against its associated assets of \$10 million [\$9 million after tax] in its Body Exteriors & Structures segment and \$4 million [\$3 million after tax] in its Power & Vision segment, respectively.

As at September 30, 2022, the Company's operations in Russia remain substantially idled and production is not expected to resume before 2024. In accordance with U.S. GAAP, as a result of the expected lack of future cashflows and the continuing uncertainties connected with the Russian economy, the Company recorded a \$376 million [\$361 million after tax] impairment charge related to its investment in Russia during the second quarter of 2022. This included net asset impairments of \$173 million and a \$203 million reserve against the related foreign currency translation losses that are included in accumulated other comprehensive loss. The net asset impairments consisted of \$163 million and \$10 million in our Body Exteriors & Structures segment and our Seating segment, respectively.

For the three and nine months ended September 30, 2021, the Company recorded restructuring and impairment charges of \$16 million [\$14 million after tax] in its Body Exteriors & Structures segment, and \$4 million [\$3 million after tax] in its Seating Systems segment. Restructuring charges for the three and nine months ended September 30, 2021 of \$4 million [\$3 million after tax] and \$63 million [\$49 million after tax], respectively were also recorded in its Power & Vision segment.

**[b] Losses (gains) on investments**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revaluation of public company warrants	\$ 7	\$ 54	\$ 96	\$ —
Revaluation of public and private equity investments	2	27	27	10
Gain on sale of public equity investments	—	—	(3)	—
Other expense, net	9	81	120	10
Tax effect	(2)	(17)	(27)	(3)
Net loss attributable to Magna	<b>\$ 7</b>	<b>\$ 64</b>	<b>\$ 93</b>	<b>\$ 7</b>

**[c] Loss on sale of business**

During the third quarter of 2021, the Company sold three Body Exteriors & Structures operations in Germany. Under the terms of the arrangement, the Company provided the buyer with \$41 million of funding, resulting in a loss on disposal of \$75 million [\$75 million after tax].

**[d] Gain on business combinations**

During the first quarter of 2021, the Company acquired a 65% equity interest and a controlling financial interest in Chongqing Hongli Zhixin Scientific Technology Development Group LLC. The acquisition included an additional 15% equity interest in two entities for which the Company previously used equity accounting. On the change in basis of accounting, the Company recognized a \$22 million gain [\$22 million after tax].

The Company also recorded a gain of \$18 million [\$18 million after tax] in connection with the distribution of substantially all of the assets of the Company's European joint venture, Getrag Ford Transmission GmbH.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**3. EARNINGS PER SHARE**

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2022</u>	2021	<u>2022</u>	2021
<b>Basic earnings per Common Share:</b>				
Net income attributable to Magna International Inc.	\$ 289	\$ 11	\$ 497	\$ 1,050
Weighted average number of Common Shares outstanding	287.9	300.7	291.9	300.9
Basic earnings per Common Share	\$ 1.01	\$ 0.04	\$ 1.70	\$ 3.49
<b>Diluted earnings per Common Share [a]:</b>				
Net income attributable to Magna International Inc.	\$ 289	\$ 11	\$ 497	\$ 1,050
Weighted average number of Common Shares outstanding	287.9	300.7	291.9	300.9
Adjustments				
Stock options and restricted stock	0.6	1.9	0.9	2.3
	288.5	302.6	292.8	303.2
Diluted earnings per Common Share	\$ 1.00	\$ 0.04	\$ 1.70	\$ 3.46

[a] For the three and nine months ended September 30, 2022, diluted earnings per Common Share excluded 1.4 million and 1.3 million [2021 – 0.6 million and 0.3 million] Common Shares, respectively, issuable under the Company's Incentive Stock Option Plan because these options were not "in-the-money". The dilutive effect of participating securities using the two-class method was excluded from the calculation of earnings per share because the effect would be immaterial.

**4. BUSINESS COMBINATIONS**

On September 11, 2022, Magna invested \$25 million in Yulu Mobility, an electrified mobility provider in India and together with Yulu Mobility, established a new battery swapping entity ("Yulu Energy") to support electrification of mobility and required infrastructure. Under the terms of the arrangement, Yulu Mobility contributed certain assets and intellectual property for a 49% interest in Yulu Energy and Magna contributed cash of \$52 million for a 51% controlling interest in Yulu Energy.

The investment in Yulu Mobility has been recorded in investments on the consolidated balance sheets and the investment in Yulu Energy was accounted for as a business combination. The following table summarizes the net effect of the business combination on the Company's consolidated balance sheet as at September 30, 2022:

Fixed assets, net	\$ 2
Goodwill	20
Intangible assets, net	33
Deferred tax liabilities	(8)
	47
Non-controlling interests	(47)
	\$ —

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**5. DETAILS OF CASH FROM OPERATING ACTIVITIES**

[a] Cash, and cash equivalents:

	September 30, 2022	December 31, 2021
Bank term deposits and bankers' acceptances	\$ 488	\$ 1,984
Cash	614	964
	<b>\$ 1,102</b>	<b>\$ 2,948</b>

[b] Items not involving current cash flows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Depreciation and amortization	\$ 341	\$ 385	\$ 1,070	\$ 1,123
Amortization of other assets included in cost of goods sold	49	67	127	202
Deferred revenue amortization	(54)	(29)	(163)	(149)
Dividends received in excess of equity income	(26)	7	(16)	9
Future tax recovery	(22)	(68)	(141)	(42)
Other non-cash (recoveries) charges	(2)	(3)	12	18
Non-cash portion of Other expense, net [note 2]	9	156	120	44
Impairment Charges	—	—	361	—
	<b>\$ 295</b>	<b>\$ 515</b>	<b>\$ 1,370</b>	<b>\$ 1,205</b>

[c] Changes in operating assets and liabilities:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Accounts receivable	\$ (601)	\$ 327	\$ (1,339)	\$ 384
Inventories	(208)	(247)	(527)	(808)
Prepaid expenses and other	(7)	7	6	-
Accounts payable	427	(224)	680	(424)
Accrued salaries and wages	78	11	33	98
Other accrued liabilities	(5)	(17)	180	7
Income taxes payable	(37)	11	(94)	52
	<b>\$ (353)</b>	<b>\$ (132)</b>	<b>\$ (1,061)</b>	<b>\$ (691)</b>

**6. INVENTORIES**

Inventories consist of:

	September 30, 2022	December 31, 2021
Raw materials and supplies	\$ 1,695	\$ 1,598
Work-in-process	439	400
Finished goods	511	506
Tooling and engineering	1,463	1,465
	<b>\$ 4,108</b>	<b>\$ 3,969</b>

Tooling and engineering inventory represents costs incurred on tooling and engineering services contracts in excess of billed and unbilled amounts included in accounts receivable.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**7. INVESTMENTS**

	September 30, 2022	December 31, 2021
Equity method investments	\$ 915	\$ 1,031
Public and private equity investments	310	358
Warrants	98	204
	<b>\$ 1,323</b>	<b>\$ 1,593</b>

Cumulative unrealized gains and losses on equity securities held as at September 30, 2022 were \$76 million and \$127 million [\$84 million and \$21 million as at December 31, 2021], respectively.

**8. OTHER ASSETS**

Other assets consist of:

	September 30, 2022	December 31, 2021
Preproduction costs related to long-term supply agreements	\$ 610	\$ 668
Long-term receivables	197	184
Pension overfunded status	41	41
Unrealized gain on cash flow hedges	22	11
Other, net	41	58
	<b>\$ 911</b>	<b>\$ 962</b>

**9. WARRANTY**

The following is a continuity of the Company's warranty accruals, included in Other accrued liabilities:

	2022	2021
Balance, beginning of period	\$ 247	\$ 284
Expense, net	17	27
Settlements	(4)	(28)
Business Combinations	—	2
Foreign exchange and other	(5)	(6)
Balance, March 31	255	279
Expense, net	7	26
Settlements	(14)	(12)
Foreign exchange and other	(9)	2
Balance, June 30	239	295
Expense, net	30	16
Settlements	(34)	(26)
Foreign exchange and other	(8)	(4)
Balance, September 30	<b>\$ 227</b>	<b>\$ 281</b>

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**10. INCOME TAX**

For the three and nine months ended September 30, 2022, the Company's effective income tax rate does not reflect the customary rate due to losses in Europe that could not be recognized. The nine-month rate is also adversely affected by the impairment charges described in note 2 (negatively affected the income tax rate by 8%) which is partially offset by a partial release of valuation allowances against deferred tax assets resulting from a tax reorganization.

**11. CAPITAL STOCK**

[a] The Company repurchased shares under normal course issuer bids as follows:

	2022		2021	
	Number of shares	Cash consideration	Number of shares	Cash consideration
First Quarter	5,834,073	\$ 383	1,831,827	\$ 162
Second Quarter	3,521,906	212	1,009,037	99
Third Quarter	3,114,100	180	62,659	5
	<b>12,470,079</b>	<b>\$ 775</b>	<b>2,903,523</b>	<b>\$ 266</b>

[b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at November 3, 2022 were exercised or converted:

Common Shares	285,819,254
Stock options <sup>(i)</sup>	6,015,877
	<b>291,835,131</b>

(i) Options to purchase Common Shares are exercisable by the holder in accordance with the vesting provisions and upon payment of the exercise price as may be determined from time to time pursuant to the Company's stock option plans.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**12. ACCUMULATED OTHER COMPREHENSIVE LOSS**

The following is a continuity schedule of accumulated other comprehensive loss:

	2022	2021
Accumulated net unrealized loss on translation of net investment in foreign operations		
Balance, beginning of period	\$ (735)	\$ (551)
Net unrealized loss	(96)	(105)
Repurchase of shares under normal course issuer bid	3	1
Balance, March 31	(828)	(655)
Repurchase of shares under normal course issuer bid	3	—
Reserve for cumulative translation losses	203	—
Net unrealized (loss) gain	(326)	100
Balance, June 30	(948)	(555)
Net unrealized loss	(451)	(125)
Repurchase of shares under normal course issuer bid	3	—
Balance, September 30	(1,396)	(680)
Accumulated net unrealized gain (loss) on cash flow hedges <sup>(i)</sup>		
Balance, beginning of period	24	42
Net unrealized gain	55	13
Reclassification of net gain to net income	(6)	(8)
Balance, March 31	73	47
Net unrealized (loss) gain	(50)	34
Reclassification of net gain to net income	(13)	(10)
Balance, June 30	10	71
Net unrealized loss	(56)	(22)
Reclassification of net gain to net income	(6)	(19)
Balance, September 30	(52)	30
Accumulated net unrealized loss on pensions		
Balance, beginning of period	(189)	(224)
Revaluation	1	—
Reclassification of net loss to net income	1	3
Balance, March 31	(187)	(221)
Revaluation	—	1
Reclassification of net loss to net income	1	1
Balance, June 30	(186)	(219)
Revaluation	—	1
Reclassification of net loss to net income	2	3
Balance, September 30	(184)	(215)
Total accumulated other comprehensive loss	\$ (1,632)	\$ (865)

(i) The amount of income tax expense that has been netted in the accumulated net unrealized gain on cash flow hedges is as follows:

	2022	2021
Balance, beginning of period	\$ (8)	\$ (15)
Net unrealized gain	(18)	(4)
Reclassifications of net gain to net income	2	3
Balance, March 31	(24)	(16)
Net unrealized loss (gain)	17	(12)
Reclassifications of net gain to net income	4	4
Balance, June 30	(3)	(24)
Net unrealized loss	20	8
Reclassifications of net gain to net income	2	6
Balance, September 30	\$ 19	\$ (10)

The amount of other comprehensive loss that is expected to be reclassified to net income over the next 12 months is \$23 million.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**13. FINANCIAL INSTRUMENTS**

**[a] Financial assets and liabilities**

The Company's financial assets and financial liabilities consist of the following:

	September 30, 2022	December 31, 2021
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,102	\$ 2,948
Accounts receivable	7,082	6,307
Warrants and public and private equity investments	408	562
Long-term receivables included in other assets	197	184
	<b>\$ 8,789</b>	<b>\$ 10,001</b>
<b>Financial liabilities</b>		
Long-term debt (including portion due within one year)	\$ 3,420	\$ 3,993
Accounts payable	6,624	6,465
	<b>\$ 10,044</b>	<b>\$ 10,458</b>
<b>Derivatives designated as effective hedges, measured at fair value</b>		
Foreign currency contracts		
Prepaid expenses	\$ 58	\$ 34
Other assets	22	11
Other accrued liabilities	(80)	(12)
Other long-term liabilities	(60)	(8)
	<b>\$ (60)</b>	<b>\$ 25</b>

**[b] Derivatives designated as effective hedges, measured at fair value**

The Company presents derivatives that are designated as effective hedges at gross fair values in the consolidated balance sheets. However, master netting and other similar arrangements allow net settlements under certain conditions. The following table shows the Company's derivative foreign currency contracts at gross fair value as reflected in the consolidated balance sheets and the unrecognized impacts of master netting arrangements:

	Gross amounts presented in consolidated balance sheets	Gross amounts not offset in consolidated balance sheets	Net amounts
<b>September 30, 2022</b>			
Assets	\$ 80	\$ 61	\$ 19
Liabilities	\$ (140)	\$ (61)	\$ (79)
<b>December 31, 2021</b>			
Assets	\$ 45	\$ 14	\$ 31
Liabilities	\$ (20)	\$ (14)	\$ (6)

# MAGNA INTERNATIONAL INC.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

---

### 13. FINANCIAL INSTRUMENTS (CONTINUED)

#### [c] Fair value

The Company determined the estimated fair values of its financial instruments based on valuation methodologies it believes are appropriate; however, considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

*Cash and cash equivalents, accounts receivable and accounts payable.*

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair values.

*Publicly traded and private equity securities*

The fair value of the Company's investments in publicly traded equity securities is determined using the closing price on the measurement date, as reported on the stock exchange on which the securities are traded. [Level 1 input based on the GAAP fair value hierarchy.]

The Company estimates the value of its private equity securities based on valuation methods using the observable transaction price at the transaction date and other observable inputs including rights and obligations of the securities held by the Company. [Level 3 input based on the GAAP fair value hierarchy.]

*Warrants*

The Company estimates the value of its warrants based on the quoted prices in the active market for Fisker's common shares. [Level 2 inputs based on the GAAP fair value hierarchy.]

*Term debt*

The Company's term debt includes \$95 million due within one year. Due to the short period to maturity of this debt, the carrying value as presented in the consolidated balance sheets is a reasonable estimate of its fair value.

*Senior Notes*

The fair value of our Senior Notes are classified as Level 1 when we use quoted prices in active markets and Level 2 when the quoted prices are from less active markets or when other observable inputs are used to determine fair value. At September 30, 2022, the net book value of the Company's Senior Notes was \$3.3 billion and the estimated fair value was \$3.1 billion.

#### [d] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, accounts receivable, and foreign exchange forward contracts with positive fair values.

Cash and cash equivalents which consists of short-term investments, are only invested in bank term deposits and bank commercial paper with primarily an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in certain major financial institutions.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions that the Company anticipates will satisfy their obligations under the contracts.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**13. FINANCIAL INSTRUMENTS (CONTINUED)**

**[d] Credit risk (continued)**

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the automotive industry and are subject to credit risks associated with the automotive industry. For the three and nine month periods ended September 30, 2022, sales to the Company's six largest customers represented 79% of the Company's sales, and substantially all of the Company's sales are to customers with which it has ongoing contractual relationships. In determining the allowance for expected credit losses, the Company considers changes in customer's credit ratings, liquidity, customer's historical payments and loss experience, current economic conditions, and the Company's expectations of future economic conditions.

**[e] Interest rate risk**

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on cash and cash equivalents is impacted more by investment decisions made and the demands to have available cash on hand, than by movements in interest rates over a given period.

In addition, the Company is not exposed to interest rate risk on its term debt and Senior Notes as the interest rates on these instruments are fixed.

**[f] Currency risk and foreign exchange contracts**

The Company is exposed to fluctuations in foreign exchange rates when manufacturing facilities have committed to the delivery of products, and/or the purchase of materials and equipment in currencies other than the facilities' functional currency. In an effort to manage this net foreign exchange exposure, the Company employs hedging programs, primarily through the use of foreign exchange forward contracts.

At September 30, 2022, the Company had outstanding foreign exchange forward contracts representing commitments to buy and sell various foreign currencies. Significant commitments are as follows:

	For Canadian dollars		For U.S. dollars		For Euros			
	U.S. dollar amount	Weighted average rate	Peso amount	Weighted average rate	U.S. dollar amount	Weighted average rate	Czech Koruna Amount	Weighted average rate
<b>Buy</b>	<b>134</b>	<b>0.77388</b>	<b>13,919</b>	<b>0.04409</b>	<b>148</b>	<b>0.87736</b>	<b>6,742</b>	<b>0.03753</b>
<b>(Sell)</b>	<b>(1,706)</b>	<b>1.28373</b>	<b>(27)</b>	<b>0.00191</b>	<b>(222)</b>	<b>1.14012</b>	<b>—</b>	<b>—</b>

Forward contracts mature at various dates through 2025. Foreign currency exposures are reviewed quarterly.

**[g] Equity price risk**

*Public equity securities and warrants*

The Company's public equity securities and warrants are subject to market price risk due to the risk of loss in value that would result from a decline in the market price of the common shares or underlying common shares.

# **MAGNA INTERNATIONAL INC.**

## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*[Unaudited]*

*[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]*

---

### **14. CONTINGENCIES**

From time to time, the Company may become involved in regulatory proceedings, or become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, the Company attempts to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, together with potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. Based on a previously completed global review of legacy antitrust risks which led to a September 2020 settlement with the European Commission and a June 2022 settlement with Brazil's federal competition authority involving in both cases the supply of closure systems, Magna does not currently anticipate any material liabilities. However, we could be subject to restitution settlements, civil proceedings, reputational damage and other consequences, including as a result of the matters specifically referred to above.

### **15. SEGMENTED INFORMATION**

Magna is a global automotive supplier which has complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mirrors & lighting, mechatronics, and roof systems. Magna also has electronic and software capabilities across many of these areas.

The Company is organized under four operating segments: Body Exteriors & Structures, Power & Vision, Seating Systems, and Complete Vehicles. These segments have been determined on the basis of technological opportunities, product similarities, and market and operating factors, and are also the Company's reportable segments.

The Company's chief operating decision maker uses Adjusted Earnings before Interest and Income Taxes ["Adjusted EBIT"] as the measure of segment profit or loss, since management believes Adjusted EBIT is the most appropriate measure of operational profitability or loss for its reporting segments. Adjusted EBIT is calculated by taking Net income (loss) and adding back Income taxes, Interest expense, net, and Other expense, net.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**15. SEGMENTED INFORMATION (CONTINUED)**

[a] The following tables show segment information for the Company's reporting segments and a reconciliation of Adjusted EBIT to the Company's consolidated net income (loss):

Three months ended September 30, 2022						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity loss (income)	Fixed asset additions
Body Exteriors & Structures	\$ 3,976	\$ 3,918	\$ 225	\$ 171	\$ 5	\$ 184
Power & Vision	2,911	2,852	117	122	(31)	140
Seating Systems	1,295	1,292	35	20	(5)	24
Complete Vehicles	1,213	1,203	65	25	(1)	16
Corporate & Other [i]	(127)	3	(1)	3	5	—
<b>Total Reportable Segments</b>	<b>\$ 9,268</b>	<b>\$ 9,268</b>	<b>\$ 441</b>	<b>\$ 341</b>	<b>\$ (27)</b>	<b>\$ 364</b>

Three months ended September 30, 2021						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity loss income	Fixed asset additions
Body Exteriors & Structures	\$ 3,185	\$ 3,111	\$ 98	\$ 189	\$ 3	\$ 168
Power & Vision	2,501	2,449	67	141	(31)	136
Seating Systems	1,123	1,113	22	23	(3)	17
Complete Vehicles	1,255	1,243	30	26	(1)	8
Corporate & Other [i]	(145)	3	12	6	(2)	5
<b>Total Reportable Segments</b>	<b>\$ 7,919</b>	<b>\$ 7,919</b>	<b>\$ 229</b>	<b>\$ 385</b>	<b>\$ (34)</b>	<b>\$ 334</b>

Nine months ended September 30, 2022						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity loss (income)	Fixed asset additions
Body Exteriors & Structures	\$ 12,000	\$ 11,818	\$ 645	\$ 535	\$ 10	\$ 487
Power & Vision	8,845	8,675	362	380	(72)	341
Seating Systems	3,924	3,908	86	64	(9)	59
Complete Vehicles	3,891	3,862	178	79	(3)	41
Corporate & Other [i]	(388)	9	35	12	2	3
<b>Total Reportable Segments</b>	<b>\$ 28,272</b>	<b>\$ 28,272</b>	<b>\$ 1,306</b>	<b>\$ 1,070</b>	<b>\$ (72)</b>	<b>\$ 931</b>

Nine months ended September 30, 2021						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity loss (income)	Fixed asset additions
Body Exteriors & Structures	\$ 10,857	\$ 10,638	\$ 652	\$ 554	\$ 8	\$ 400
Power & Vision	8,538	8,372	567	409	(116)	341
Seating Systems	3,592	3,557	103	69	(7)	39
Complete Vehicles	4,595	4,557	189	76	(3)	34
Corporate & Other [i]	(450)	8	45	15	(7)	9
<b>Total Reportable Segments</b>	<b>\$ 27,132</b>	<b>\$ 27,132</b>	<b>\$ 1,556</b>	<b>\$ 1,123</b>	<b>\$ (125)</b>	<b>\$ 823</b>

[i] Included in Corporate and Other Adjusted EBIT are intercompany fees charged to the automotive segments.

**MAGNA INTERNATIONAL INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

**15. SEGMENTED INFORMATION (CONTINUED)**

[ii] The following table reconciles Net income to Adjusted EBIT:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
<b>Net income</b>	\$ 296	\$ 17	\$ 530	\$ 1,075
Add:				
Interest expense, net	18	22	64	56
Other expense, net	23	180	510	128
Income taxes	104	10	202	297
<b>Adjusted EBIT</b>	\$ 441	\$ 229	\$ 1,306	\$ 1,556

[b] The following table shows Goodwill for the Company's reporting segments:

	September 30, 2022	December 31, 2021
Body Exteriors & Structures	\$ 431	\$ 471
Power & Vision	1,128	1,269
Seating Systems	256	270
Complete Vehicles	96	112
Corporate and Other	20	—
<b>Total Reportable Segments</b>	\$ 1,931	\$ 2,122

[c] The following table shows Net Assets for the Company's reporting segments:

	September 30, 2022	December 31, 2021
Body Exteriors & Structures	\$ 7,019	\$ 7,349
Power & Vision	5,920	6,066
Seating Systems	1,391	1,379
Complete Vehicles	620	623
Corporate & Other	693	813
<b>Total Reportable Segments</b>	\$ 15,643	\$ 16,230

The following table reconciles Total Assets to Net Assets:

	September 30, 2022	December 31, 2021
<b>Total Assets</b>	\$ 26,667	\$ 29,086
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(1,102)	(2,948)
Deferred tax assets	(488)	(421)
Long-term receivables from joint venture partners	(14)	(15)
Deduct liabilities included in segment net assets:		
Accounts payable	(6,624)	(6,465)
Accrued salaries and wages	(810)	(851)
Other accrued liabilities	(1,986)	(2,156)
<b>Segment Net Assets</b>	\$ 15,643	\$ 16,230

# **MAGNA INTERNATIONAL INC.**

## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*[Unaudited]*

*[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]*

---

### **16. SUBSEQUENT EVENTS**

#### **NORMAL COURSE ISSUER BID**

Subject to approval by the Toronto Stock Exchange ["TSX"] and the New York Stock Exchange ["NYSE"], the Company's Board of Directors approved a new normal course issuer bid to purchase up to 28.4 million of our Common Shares, representing approximately 10% of our public float of Common Shares. The primary purposes of the normal course issuer bid are purchases for cancellation as well as purchases to fund our stock-based compensation awards or programs and/or its obligations to its deferred profit sharing plans. The normal course issuer bid is expected to commence on or about November 15, 2022 and will terminate one year later. All purchases of Common Shares will be made at the market price at the time of purchase in accordance with the rules and policies of the TSX or on the NYSE in compliance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934.

Purchases may also be made through alternative trading systems in Canada and the U.S., or by such other means permitted by the TSX, including by private agreement or specific share repurchase program at a discount to the prevailing market price, pursuant to an issuer bid exemption order issued by a securities regulatory authority.