



**Magna International Inc.**

**Interim Financial Statements for the three months  
ended June 30, 2024**

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

[Unaudited]

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

	Note	Three months ended		Six months ended	
		June 30,		June 30,	
		2024	2023	2024	2023
<b>Sales</b>	15	<b>\$ 10,958</b>	\$ 10,982	<b>\$ 21,928</b>	\$ 21,655
<b>Costs and expenses</b>					
Cost of goods sold		<b>9,494</b>	9,544	<b>19,136</b>	18,960
Selling, general and administrative		<b>523</b>	505	<b>1,039</b>	993
Depreciation		<b>373</b>	353	<b>750</b>	706
Amortization of acquired intangible assets		<b>28</b>	13	<b>56</b>	25
Interest expense, net		<b>54</b>	34	<b>105</b>	54
Equity income		<b>(9)</b>	(36)	<b>(43)</b>	(69)
Other expense, net	2	<b>68</b>	86	<b>424</b>	228
Income from operations before income taxes		<b>427</b>	483	<b>461</b>	758
Income taxes		<b>99</b>	129	<b>107</b>	187
<b>Net income</b>		<b>328</b>	354	<b>354</b>	571
Income attributable to non-controlling interests		<b>(15)</b>	(15)	<b>(32)</b>	(23)
<b>Net income attributable to Magna International Inc.</b>		<b>\$ 313</b>	\$ 339	<b>\$ 322</b>	\$ 548
Earnings per Common Share:	3				
Basic		<b>\$ 1.09</b>	\$ 1.18	<b>\$ 1.12</b>	\$ 1.92
Diluted		<b>\$ 1.09</b>	\$ 1.18	<b>\$ 1.12</b>	\$ 1.91
Cash dividends paid per Common Share		<b>\$ 0.475</b>	\$ 0.460	<b>\$ 0.950</b>	\$ 0.920
Weighted average number of Common Shares outstanding during the period [in millions]:	3				
Basic		<b>287.3</b>	286.2	<b>287.1</b>	286.1
Diluted		<b>287.3</b>	286.3	<b>287.2</b>	286.4

See accompanying notes

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

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
<b>Net income</b>		<b>\$ 328</b>	<b>\$ 354</b>	<b>\$ 354</b>	<b>\$ 571</b>
Other comprehensive (loss) income, net of tax:	12				
Net unrealized loss on translation of net investment in foreign operations		(66)	(79)	(308)	(34)
Net unrealized (loss) gain on cash flow hedges		(6)	48	(19)	89
Reclassification of net gain on cash flow hedges to net income		(17)	(14)	(46)	(17)
Reclassification of net loss on pensions to net income		—	—	1	1
Pension and post retirement benefits		—	1	—	(4)
<b>Other comprehensive (loss) income</b>		<b>(89)</b>	<b>(44)</b>	<b>(372)</b>	<b>35</b>
Comprehensive income (loss)		<b>239</b>	310	<b>(18)</b>	606
Comprehensive (income) loss attributable to non-controlling interests		<b>(9)</b>	11	<b>(19)</b>	1
<b>Comprehensive income (loss) attributable to Magna International Inc. \$</b>		<b>230</b>	<b>\$ 321</b>	<b>\$ (37)</b>	<b>\$ 607</b>

See accompanying notes

# MAGNA INTERNATIONAL INC.

## CONSOLIDATED BALANCE SHEETS

[Unaudited]

[U.S. dollars in millions]

	Note	As at June 30, 2024	As at December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 999	\$ 1,198
Accounts receivable		8,219	7,881
Inventories	6	4,466	4,606
Prepaid expenses and other		314	352
		<b>13,998</b>	<b>14,037</b>
Investments	7	1,161	1,273
Fixed assets, net		9,623	9,618
Operating lease right-of-use assets		1,688	1,744
Intangible assets, net		804	876
Goodwill		2,731	2,767
Deferred tax assets		807	621
Other assets	8	1,174	1,319
		<b>\$ 31,986</b>	<b>\$ 32,255</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings		\$ 848	\$ 511
Accounts payable		7,639	7,842
Other accrued liabilities		2,650	2,626
Accrued salaries and wages		862	912
Income taxes payable		79	125
Long-term debt due within one year		65	819
Current portion of operating lease liabilities		306	399
		<b>12,449</b>	<b>13,234</b>
Long-term debt		4,863	4,175
Operating lease liabilities		1,378	1,319
Long-term employee benefit liabilities		564	591
Other long-term liabilities		507	475
Deferred tax liabilities		215	184
		<b>19,976</b>	<b>19,978</b>
<b>Shareholders' equity</b>			
Capital stock			
Common Shares			
[issued: 287,327,745; December 31, 2023 – 286,552,908]	11	3,404	3,354
Contributed surplus		132	125
Retained earnings		9,345	9,303
Accumulated other comprehensive loss	12	(1,257)	(898)
		<b>11,624</b>	<b>11,884</b>
Non-controlling interests		386	393
		<b>12,010</b>	<b>12,277</b>
		<b>\$ 31,986</b>	<b>\$ 32,255</b>

See accompanying notes

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

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
<b>Cash provided from (used for):</b>					
<b>OPERATING ACTIVITIES</b>					
Net income		\$ 328	\$ 354	\$ 354	\$ 571
Items not involving current cash flows	4	353	525	918	876
		<b>681</b>	<b>879</b>	<b>1,272</b>	<b>1,447</b>
Changes in operating assets and liabilities	4	55	(332)	(275)	(673)
<b>Cash provided from operating activities</b>		<b>736</b>	<b>547</b>	<b>997</b>	<b>774</b>
<b>INVESTMENT ACTIVITIES</b>					
Fixed asset additions		(500)	(502)	(993)	(926)
Acquisitions		(56)	(1,475)	(86)	(1,475)
Decrease (increase) in public and private equity investments		2	(3)	(21)	(3)
Increase in investments, other assets and intangible assets		(170)	(96)	(295)	(197)
Proceeds from dispositions		57	44	144	63
Net cash inflow (outflow) from disposal of facilities		—	—	4	(25)
<b>Cash used for investing activities</b>		<b>(667)</b>	<b>(2,032)</b>	<b>(1,247)</b>	<b>(2,563)</b>
<b>FINANCING ACTIVITIES</b>					
Issues of debt		333	402	758	2,043
Increase in short-term borrowings		19	143	360	140
Repayments of debt		(768)	(1)	(777)	(3)
Issues of Common Shares on exercise of stock options		—	—	30	6
Tax withholdings on vesting of equity awards		(1)	(1)	(5)	(10)
Repurchase of Common Shares	11	(2)	(2)	(5)	(11)
Dividends paid to non-controlling interests		(26)	(24)	(26)	(31)
Dividends		(134)	(129)	(268)	(261)
<b>Cash provided from (used for) financing activities</b>		<b>(579)</b>	<b>388</b>	<b>67</b>	<b>1,873</b>
Effect of exchange rate changes on cash and cash equivalents		(8)	(51)	(16)	(37)
Net (decrease) increase in cash, cash equivalents during the period		(518)	(1,148)	(199)	47
Cash and cash equivalents, beginning of period		1,517	2,429	1,198	1,234
<b>Cash and cash equivalents, end of period</b>	4	<b>\$ 999</b>	<b>\$ 1,281</b>	<b>\$ 999</b>	<b>\$ 1,281</b>

See accompanying notes

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

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

Six months ended June 30, 2024							
	Common Shares		Contri-	Retained	AOCL <sup>[1]</sup>	Non-	Total
Note	Number	Stated Value	buted Surplus	Earnings		controlling Interest	Equity
<i>[in millions]</i>							
<b>Balance, December 31, 2023</b>	<b>286.6</b>	<b>\$ 3,354</b>	<b>\$ 125</b>	<b>\$ 9,303</b>	<b>\$ (898)</b>	<b>\$ 393</b>	<b>\$ 12,277</b>
Net income				322		32	354
Other comprehensive loss					(359)	(13)	(372)
Shares issued on exercise of stock options	0.7	36	(6)				30
Release of stock and stock units	0.2	12	(12)				
Tax withholdings on vesting of equity awards	(0.2)	(1)		(4)			(5)
Repurchase and cancellation under normal course issuer bid	11 (0.1)	(1)		(4)			(5)
Stock-based compensation expense			25				25
Dividends paid to non-controlling interests						(26)	(26)
Dividends paid	0.1	4		(272)			(268)
<b>Balance, June 30, 2024</b>	<b>287.3</b>	<b>\$ 3,404</b>	<b>\$ 132</b>	<b>\$ 9,345</b>	<b>\$ (1,257)</b>	<b>\$ 386</b>	<b>\$ 12,010</b>

Three months ended June 30, 2024							
	Common Shares		Contri-	Retained	AOCL <sup>[1]</sup>	Non-	Total
Note	Number	Stated Value	buted Surplus	Earnings		controlling Interest	Equity
<i>[in millions]</i>							
<b>Balance, March 31, 2024</b>	<b>287.3</b>	<b>\$ 3,399</b>	<b>\$ 125</b>	<b>\$ 9,171</b>	<b>\$ (1,174)</b>	<b>\$ 403</b>	<b>\$ 11,924</b>
Net income				313		15	328
Other comprehensive loss					(83)	(6)	(89)
Release of stock and stock units	0.1	3	(3)				
Tax withholdings on vesting of equity awards	(0.1)			(1)			(1)
Repurchase and cancellation under normal course issuer bid	11 (0.1)			(2)			(2)
Stock-based compensation expense			10				10
Dividends paid to non-controlling interests						(26)	(26)
Dividends paid		2		(136)			(134)
<b>Balance, June 30, 2024</b>	<b>287.3</b>	<b>\$ 3,404</b>	<b>\$ 132</b>	<b>\$ 9,345</b>	<b>\$ (1,257)</b>	<b>\$ 386</b>	<b>\$ 12,010</b>

<sup>[1]</sup> AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

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

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

Six months ended June 30, 2023							
Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>[1]</sup>	Non- controlling Interest	Total Equity
	Number	Stated Value					
<i>[in millions]</i>							
<b>Balance, December 31, 2022</b>		<b>285.9</b>	<b>\$ 3,299</b>	<b>\$ 111</b>	<b>\$ 8,639</b>	<b>\$ (1,114)</b>	<b>\$ 400 \$ 11,335</b>
Net income				548		23	571
Other comprehensive income (loss)					59	(24)	35
Shares issued on exercise of stock options		0.2	7	(1)			6
Release of stock and stock units		0.4	19	(19)			
Tax withholdings on vesting of equity awards		(0.2)	(2)		(8)		(10)
Repurchase and cancellation under normal course issuer bid		(0.2)	(2)		(9)		(11)
Stock-based compensation expense				22			22
Dividends paid to non-controlling interests						(31)	(31)
Dividends paid		0.1	2		(263)		(261)
<b>Balance, June 30, 2023</b>		<b>286.2</b>	<b>\$ 3,323</b>	<b>\$ 113</b>	<b>\$ 8,907</b>	<b>\$ (1,055)</b>	<b>\$ 368 \$ 11,656</b>

Three months ended June 30, 2023							
Note	Common Shares		Contri- buted Surplus	Retained Earnings	AOCL <sup>[1]</sup>	Non- controlling Interest	Total Equity
	Number	Stated Value					
<i>[in millions]</i>							
<b>Balance, March 31, 2023</b>		<b>286.1</b>	<b>\$ 3,319</b>	<b>\$ 104</b>	<b>\$ 8,699</b>	<b>\$ (1,036)</b>	<b>\$ 403 \$ 11,489</b>
Net income				339		15	354
Other comprehensive loss					(18)	(26)	(44)
Release of stock and stock units		0.1	4	(4)			
Tax withholdings on vesting of equity awards					(1)		(1)
Repurchase and cancellation under normal course issuer bid					(1)	(1)	(2)
Stock-based compensation expense				13			13
Dividends paid to non-controlling interests						(24)	(24)
Dividends paid					(129)		(129)
<b>Balance, June 30, 2023</b>		<b>286.2</b>	<b>\$ 3,323</b>	<b>\$ 113</b>	<b>\$ 8,907</b>	<b>\$ (1,055)</b>	<b>\$ 368 \$ 11,656</b>

<sup>[1]</sup> 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, 2023 audited consolidated financial statements and notes thereto included in the Company's 2023 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 June 30, 2024 and the results of operations, changes in equity, and cash flows for the three and six-month periods ended June 30, 2024 and 2023.

For the three and six months ended June 30, 2023, \$13 million and \$25 million have been reclassified from Depreciation and amortization to Amortization of acquired intangible assets on the consolidated statements of income to conform with current period presentation.

#### [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.

### 2. OTHER EXPENSE (INCOME), NET

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Restructuring activities	\$ 55	\$ (35)	\$ 93	\$ 83
Impairments and restructuring related to Fisker Inc. ["Fisker"]	19	—	335	—
Investments	3	98	5	122
Gain on business combination	(9)	—	(9)	—
Veoneer Active Safety Business transaction costs	—	23	—	23
	\$ 68	\$ 86	\$ 424	\$ 228

#### [a] Restructuring activities

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Power & Vision <sup>(i)</sup>	\$ 55	\$ (44)	\$ 55	\$ 61
Body Exteriors & Structures	—	9	12	22
Complete Vehicles	—	—	26	—
Other expense, net	55	(35)	93	83
Tax effect	(10)	9	(16)	(17)
Net loss attributable to Magna	\$ 45	\$ (26)	\$ 77	\$ 66

<sup>(i)</sup> During the second quarter of 2024, the Company recorded \$35 million of restructuring charges associated with its acquisition of the Veoneer Active Safety Business ["Veoneer AS"], and \$20 million of restructuring charges related to plant closures in its Power & Vision Segment. During the second quarter of 2023, the Company's Power & Vision segment reversed \$39 million of charges due to a change in the restructuring plans related to a plant closure, and recorded a \$10 million gain on the sale of two buildings as a result of restructuring activities.

**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 (INCOME), NET (CONTINUED)**

**[b] Impairments and restructuring related to Fisker**

The Company recognized impairment charges on its Fisker related assets in the first and second quarters of 2024, as well as restructuring charges in the first quarter of 2024. During the second quarter of 2024, Fisker filed for Chapter 11 bankruptcy protection and consequently received an automatic stay of creditor actions under bankruptcy protection laws in both Austria and the U.S.

*Impairment of Fisker related assets*

During the first quarter of 2024, the Company recorded a \$261 million [\$205 million after tax] impairment charge on its Fisker related assets including production receivables, inventory, fixed assets and other capitalized expenditures. The Company recorded an additional \$19 million [\$15 million after tax] of charges in the second quarter of 2024 in connection with purchase obligations related to the Fisker program.

The following table summarizes the net asset impairments for the six months ended June 30, 2024, by segment:

	Body Exteriors & Structures	Power & Vision	Seating Systems	Complete Vehicles	Total
Accounts receivable	\$ 3	\$ 4	\$ 2	\$ 14	\$ 23
Inventories	5	47	8	2	62
Other assets, net	—	54	—	90	144
Fixed assets, net	1	49	5	3	58
Other accrued liabilities	(5)	—	6	(10)	(9)
Operating lease right-of-use assets	1	—	1	—	2
	<b>\$ 5</b>	<b>\$ 154</b>	<b>\$ 22</b>	<b>\$ 99</b>	<b>\$ 280</b>

The Company continues to be exposed to risk related to third-party obligations of approximately \$40 million in connection with manufacturing of the Fisker Ocean SUV.

*Impairment of Fisker warrants*

Fisker issued approximately 19.5 million penny warrants to the Company to purchase common stock in connection with our agreements with Fisker for platform sharing, engineering and manufacturing of the Fisker Ocean SUV. These warrants vested during 2021 and 2022 based on specified milestones and were marked to market each quarter.

During the first quarter of 2024, Magna recorded a \$33 million [\$25 million after tax] impairment charge on these warrants reducing the value of the warrants to nil.

When the warrants were issued and the vesting provisions realized, the Company recorded offsetting amounts to deferred revenue within other accrued liabilities and other long-term liabilities. Portions of this deferred revenue were recognized in income as performance obligations were satisfied. The unamortized amount of this deferred revenue as of June 30, 2024 was approximately \$195 million, and will be recognized in income as performance obligations are satisfied or upon termination of the agreement for manufacturing of the Fisker Ocean SUV. The automatic stay prevented the termination of the Fisker Ocean manufacturing agreement during the second quarter of 2024 and delays the realization of deferred revenue pending conclusion of Fisker's bankruptcy proceedings.

*Restructuring*

In the first quarter of 2024, the Company recorded additional restructuring charges of \$22 million [\$17 million after tax] in its Complete Vehicles segment in connection with its Fisker related assembly operations.

**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 (INCOME), NET (CONTINUED)**

**[c] Investments**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revaluation of public and private equity investments	\$ 2	\$ —	\$ 4	\$ 2
Revaluation of public company warrants	1	13	1	35
Non-cash impairment charge <sup>(ii)</sup>	—	85	—	85
Other expense, net	3	98	5	122
Tax effect	(1)	(3)	(2)	(9)
Net loss attributable to Magna	\$ 2	\$ 95	\$ 3	\$ 113

<sup>(ii)</sup> The non-cash impairment charge relates to impairment of a private equity investment and related long-term receivables within Other assets.

**[d] Gain on business combination**

During the second quarter of 2024, the Company acquired a business in the Body Exteriors & Structures segment for \$5 million, resulting in a bargain purchase gain of \$9 million [\$9 million after tax].

**[e] Veoneer Active Safety Business transaction costs**

During 2023, the Company incurred \$23 million [\$22 million after tax] of transaction costs related to the acquisition of Veoneer AS.

**3. EARNINGS PER SHARE**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Basic earnings per Common Share:</b>				
Net income attributable to Magna International Inc.	\$ 313	\$ 339	\$ 322	\$ 548
Weighted average number of Common Shares outstanding	287.3	286.2	287.1	286.1
Basic earnings per Common Share	\$ 1.09	\$ 1.18	\$ 1.12	\$ 1.92
<b>Diluted earnings per Common Share [a]:</b>				
Net income attributable to Magna International Inc.	\$ 313	\$ 339	\$ 322	\$ 548
Weighted average number of Common Shares outstanding	287.3	286.3	287.2	286.4
Diluted earnings per Common Share	\$ 1.09	\$ 1.18	\$ 1.12	\$ 1.91

[a] For the three and six months ended June 30, 2024, diluted earnings per Common Share excluded 6.0 million [2023 – 4.2 million] and 4.4 million [2023 – 2.8 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.

**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]

**4. DETAILS OF CASH FLOWS**

[a] Cash and cash equivalents:

	June 30, 2024	December 31, 2023
Bank term deposits and bankers' acceptances	\$ 224	\$ 502
Cash	775	696
	<b>\$ 999</b>	<b>\$ 1,198</b>

[b] Items not involving current cash flows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Depreciation	\$ 373	\$ 353	\$ 750	\$ 706
Amortization of acquired intangible assets	28	13	56	25
Other asset amortization	48	53	92	118
Deferred revenue amortization	(82)	(14)	(156)	(89)
Other non-cash charges	(11)	28	(3)	29
Deferred tax recovery	(24)	(35)	(152)	(72)
Dividends received in excess of equity income	8	29	22	37
Non-cash portion of Other expense, net [note 2]	13	98	309	122
	<b>\$ 353</b>	<b>\$ 525</b>	<b>\$ 918</b>	<b>\$ 876</b>

[c] Changes in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Accounts receivable	\$ 139	\$ (411)	\$ (452)	\$ (1,581)
Inventories	18	(43)	(48)	(278)
Prepaid expenses and other	58	11	(27)	7
Accounts payable	(175)	106	(28)	799
Accrued salaries and wages	(15)	(13)	(26)	(34)
Other accrued liabilities	59	65	329	556
Income taxes payable	(29)	(47)	(23)	(142)
	<b>\$ 55</b>	<b>\$ (332)</b>	<b>\$ (275)</b>	<b>\$ (673)</b>

**5. BUSINESS COMBINATIONS**

[a] HE System Electronic Acquisition

On May 31, 2024, the Company acquired 100% of the common shares and voting interests of HE System Electronic ["HES"]. HES develops and produces micro-electronic assemblies and electronic systems. The acquisition was accounted for as a business combination and is recorded in the Company's Power & Vision segment. Total consideration was \$51 million [net of \$1 million cash acquired], and was recognized as non-cash working capital of \$6 million and long-lived assets of \$45 million.

[b] Veoneer Acquisition

On June 1, 2023, the Company completed the acquisition of 100% of the common shares and voting interests of the entities holding Veoneer AS for \$1,438 million [net of \$111 million cash acquired]. The final allocation of the consideration transferred to the assets acquired and liabilities assumed was completed during the second quarter of 2024, and remains consistent with the preliminary purchase price allocation. The Company received \$37 million from the seller in the first quarter of 2024 related to purchase price adjustments for which the related receivable from the seller was recognized as at December 31, 2023.

**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]

**6. INVENTORIES**

Inventories consist of:

	June 30, 2024	December 31, 2023
Raw materials and supplies	\$ 1,706	\$ 1,861
Work-in-process	460	450
Finished goods	586	569
Tooling and engineering	1,714	1,726
	<b>\$ 4,466</b>	<b>\$ 4,606</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.

**7. INVESTMENTS**

	June 30, 2024	December 31, 2023
Equity method investments	\$ 886	\$ 987
Public and private equity investments	244	230
Debt investments	31	22
Warrants	—	34
	<b>\$ 1,161</b>	<b>\$ 1,273</b>

Cumulative unrealized gains and losses on equity securities held as at June 30, 2024 were \$47 million and \$361 million [\$28 million and \$323 million as at December 31, 2023], respectively.

**8. OTHER ASSETS**

Other assets consist of:

	June 30, 2024	December 31, 2023
Preproduction costs related to long-term supply agreements	\$ 706	\$ 835
Long-term receivables	323	321
Pension overfunded status	44	41
Unrealized gain on cash flow hedges	6	4
Other, net	95	118
	<b>\$ 1,174</b>	<b>\$ 1,319</b>

**9. WARRANTY**

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

	2024	2023
Balance, beginning of period	\$ 270	\$ 257
Expense, net	33	49
Settlements	(18)	(23)
Foreign exchange and other	(1)	1
Balance, March 31	284	284
Expense, net	39	5
Settlements	(21)	(20)
Acquisition	—	3
Foreign exchange and other	(4)	22
Balance, June 30	<b>\$ 298</b>	<b>\$ 294</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. DEBT

#### Short-term borrowings

##### Commercial Paper Program

As at June 30, 2024, \$781 million [\$299 million as at December 31, 2023] of notes were outstanding under the U.S. commercial paper program, with a weighted average interest rate of 5.59% [2023 - 5.57%], and \$64 million of notes were outstanding under the euro-commercial paper program [2023 - \$210 million] with a weighted average interest rate of 3.82% [2023 - 4.02%]. Maturities on amounts outstanding are less than three months.

##### Credit Facilities

On May 10, 2024, the Company extended the maturity date of its \$800 million 364-day syndicated revolving credit facility from June 24, 2024 to June 24, 2025. The facility can be drawn in U.S. dollars or Canadian dollars. The Company has no borrowings under this credit facility.

#### Long-term borrowings

##### Senior notes

During the six months ended June 30, 2024, the Company issued the following Senior Notes:

	Issuance Date	Net Cash Proceeds	Maturity Date
Cdn\$450 million Senior Notes at 4.80%	May 30, 2024	Cdn\$448 million	May 30, 2029
\$400 million Senior Notes at 5.050%	March 14, 2024	\$397 million	March 14, 2029

The Senior Notes were issued for general corporate purposes, including the repayment of \$750 million in Senior Notes on June 17, 2024.

The Senior Notes are unsecured obligations and do not include any financial covenants. The Company may redeem the notes in whole or in part at any time, and from time to time, at specified redemption prices determined in accordance with the terms of the indenture governing the Senior Notes

### 11. CAPITAL STOCK

[a] During the six month period ended June 30, 2024, the Company repurchased 0.1 million shares under a normal course issuer bid for cash consideration of \$5 million to settle certain equity compensation plans.

[b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at August 1, 2024 were exercised or converted:

Common Shares	287,327,745
Stock options <sup>[1]</sup>	6,072,366
	<hr/>
	293,400,111

<sup>[1]</sup> 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:

	2024	2023
Accumulated net unrealized loss on translation of net investment in foreign operations		
Balance, beginning of period	\$ (836)	\$ (1,018)
Net unrealized (loss) gain	(235)	43
Repurchase of shares under normal course issuer bid	—	1
Balance, March 31	(1,071)	(974)
Net unrealized loss	(60)	(53)
Repurchase of shares under normal course issuer bid	—	(1)
Balance, June 30	(1,131)	(1,028)
Accumulated net unrealized gain on cash flow hedges <sup>(i)</sup>		
Balance, beginning of period	43	5
Net unrealized (loss) gain	(13)	41
Reclassifications to net income	(29)	(3)
Balance, March 31	1	43
Net unrealized (loss) gain	(6)	48
Reclassifications to net income	(17)	(14)
Balance, June 30	(22)	77
Accumulated net unrealized loss on pensions		
Balance, beginning of period	(105)	(101)
Revaluation	—	(5)
Reclassifications to net income	1	1
Balance, March 31	(104)	(105)
Revaluation	—	1
Balance, June 30	(104)	(104)
Total accumulated other comprehensive loss	\$ (1,257)	\$ (1,055)

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

	2024	2023
Balance, beginning of period	\$ (16)	\$ —
Net unrealized gains (loss)	4	(15)
Reclassifications to net income	10	1
Balance, March 31	(2)	(14)
Net unrealized gains (loss)	2	(17)
Reclassifications to net income	7	4
Balance, June 30	\$ 7	\$ (27)

The amount of other comprehensive loss that is expected to be reclassified to net income over the next 12 months is \$13 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:

	June 30, 2024	December 31, 2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 999	\$ 1,198
Accounts receivable	8,219	7,881
Warrants and public and private equity investments	244	264
Debt investments	31	22
Long-term receivables included in other assets	323	321
	<b>\$ 9,816</b>	<b>\$ 9,686</b>
<b>Financial liabilities</b>		
Short-term borrowings	\$ 848	\$ 511
Long-term debt (including portion due within one year)	4,928	4,994
Operating lease liabilities (including current portion)	1,684	1,718
Accounts payable	7,639	7,842
	<b>\$ 15,099</b>	<b>\$ 15,065</b>
<b>Derivatives designated as effective hedges, measured at fair value</b>		
Foreign currency contracts		
Prepaid expenses	\$ 3	\$ 78
Other assets	6	4
Other accrued liabilities	(15)	(13)
Other long-term liabilities	(25)	(8)
	<b>\$ (31)</b>	<b>\$ 61</b>

**[b] Supplier financing program**

The Company has supplier financing programs with third-party financial institutions that provides financing to suppliers of tooling related materials. These arrangements allow suppliers to elect to be paid by a financial institution at a discount earlier than the maturity date of the receivable, which may extend from 6 to 18 months. The Company will pay the full amount owing to the financial institution on the maturity dates. Amounts outstanding under these programs as at June 30, 2024 were \$136 million [\$132 million at December 31, 2023] and are presented within accounts payable.

**[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, accounts payable and short-term borrowings*

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]

# 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)

#### *Warrants*

The Company estimates the value of its warrants based on the quoted prices in the active market for the common shares, [Level 2 inputs based on the GAAP fair value hierarchy], followed by an impairment review considering both qualitative and quantitative factors that may have a significant impact on the investee's fair value.

#### *Term Loans*

The Company's Term Loans consists of advances in the form of 1, 3 or 6-month loans that may be rolled over until the end of the 3 and 5-year terms. Due to the short-term maturity of each loan, the carrying value as presented in the consolidated balance sheets is a reasonable estimate of its fair value.

#### *Senior Notes*

At June 30, 2024, the net book value of the Company's Senior Notes was \$4.4 billion and the estimated fair value was \$4.3 billion. The fair value of the Senior Notes are classified as Level 1 when quoted prices in active markets are available and Level 2 when the quoted prices are from less active markets or when other observable inputs are used to determine fair value.

#### **[d] Credit risk**

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, accounts receivable, debt investments, and foreign exchange and commodity forward contracts with positive fair values. Cash and cash equivalents, which consist of short-term investments, are only invested in bank term deposits and bank commercial paper with 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.

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 six months ended June 30, 2024, sales to the Company's six largest customers represented 74% of the Company's total sales; and substantially all of its sales are to customers with which the Company has ongoing contractual relationships. The Company conducts business with newer electric vehicle-focused customers, which poses incremental credit risk due to their relatively short operating histories; limited financial resources; less mature product development and validation processes; uncertain market acceptance of their products/services; and untested business models. These factors may elevate our risks in dealing with such customers, particularly with respect to recovery of: pre-production (including tooling, engineering, and launch) and production receivables; inventory; fixed assets and capitalized preproduction expenditures; as well as other third party obligations related to such items. As at June 30, 2024, the Company's balance sheet exposure related to newer electric vehicle-focused customers was approximately \$250 million. 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.

The Company is exposed to interest rate risk on its Term Loans as the interest rate is variable, however the Company is not exposed to interest rate risk on Senior Notes as the interest rates are fixed.

# 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)

#### [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 June 30, 2024, 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
Buy	9	0.75565	638	0.04397	3	0.84254	50	0.03783
(Sell)	(480)	1.28116	—	—	(33)	1.08982	—	—

Forward contracts mature at various dates through 2026. Foreign currency exposures are reviewed quarterly.

#### [g] Equity price risk

##### *Public equity securities and warrants*

The Company's public equity securities 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.

### 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.

In December 2023, the Company received a notification [the "Notification Letter"] from a customer informing the Company as to the customer's initial determination that one of the Company's operating groups bears responsibility for costs totaling \$352 million related to two product recalls. The Notification Letter triggered a negotiation period regarding financial allocation of the total costs for the two recalls, which remains on-going. In the event such negotiations are not concluded successfully, the customer has discretion under its Terms and Conditions to debit Magna up to 50% of the parts and labour costs actually incurred related to the recalls. The Company believes that the product in question met the customer's specifications, and accordingly, is vigorously contesting the customer's determination. Magna does not currently anticipate any material liabilities.

In July 2024, a Tier 2 supplier filed a claim against the Company for alleged damages arising from de-sourcing of its component on one OEM customer's applications, as well as volume shortfalls on another OEM customer's applications containing the component. Although the supplier has indicated that its claim cannot be fully quantified at this time, the supplier has estimated that the aggregate amount of financial loss incurred will be approximately €250 million. The same supplier has also filed multiple patent infringement claims seeking a preliminary injunction restricting the Company's sale of systems alleged to infringe the supplier's patents, as well as monetary damages. The Company believes it has valid defenses to the supplier's claims and is vigorously contesting the claims. Due to the early stage of proceedings, it is too early to predict the outcome.

**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**

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, 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 and adding back Amortization of acquired intangible assets, Income taxes, Interest expense, net and Other (income) expense, net.

The Adjusted EBIT presented in the tables below for the prior period have been updated to reflect the revised calculation of Adjusted EBIT adopted by the Company effective July 1, 2023, which excludes the amortization of acquired intangible assets.

[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 June 30, 2024						
	Total sales	External sales	Adjusted EBIT <sup>(i)</sup>	Depreciation	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 4,465	\$ 4,401	\$ 341	\$ 182	\$ (1)	\$ 311
Power & Vision	3,926	3,866	198	144	(6)	161
Seating Systems	1,455	1,453	53	23	(4)	16
Complete Vehicles	1,242	1,236	20	18	(2)	9
Corporate & Other <sup>(i)</sup>	(130)	2	(35)	6	4	3
<b>Total Reportable Segments</b>	<b>\$ 10,958</b>	<b>\$ 10,958</b>	<b>\$ 577</b>	<b>\$ 373</b>	<b>\$ (9)</b>	<b>\$ 500</b>

Three months ended June 30, 2023						
	Total sales	External sales	Adjusted EBIT <sup>(i)</sup>	Depreciation	Equity loss (income)	Fixed asset additions
Body Exteriors & Structures	\$ 4,540	\$ 4,468	\$ 394	\$ 175	\$ 1	\$ 310
Power & Vision	3,462	3,396	124	127	(28)	153
Seating Systems	1,603	1,598	67	20	(4)	20
Complete Vehicles	1,526	1,517	34	26	(1)	13
Corporate & Other <sup>(i)</sup>	(149)	3	(3)	5	(4)	6
<b>Total Reportable Segments</b>	<b>\$ 10,982</b>	<b>\$ 10,982</b>	<b>\$ 616</b>	<b>\$ 353</b>	<b>\$ (36)</b>	<b>\$ 502</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]

**15. SEGMENTED INFORMATION (CONTINUED)**

Six months ended June 30, 2024						
	Total sales	External sales	Adjusted EBIT <sup>(ii)</sup>	Depreciation	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 8,894	\$ 8,764	\$ 639	\$ 362	\$ (1)	\$ 617
Power & Vision	7,768	7,647	296	286	(33)	304
Seating Systems	2,910	2,902	105	48	(9)	38
Complete Vehicles	2,625	2,610	47	43	(3)	21
Corporate & Other <sup>(i)</sup>	(269)	5	(41)	11	3	13
<b>Total Reportable Segments</b>	<b>\$ 21,928</b>	<b>\$ 21,928</b>	<b>\$ 1,046</b>	<b>\$ 750</b>	<b>\$ (43)</b>	<b>\$ 993</b>

Six months ended June 30, 2023						
	Total sales	External sales	Adjusted EBIT <sup>(ii)</sup>	Depreciation	Equity loss (income)	Fixed asset additions
Body Exteriors & Structures	\$ 8,979	\$ 8,786	\$ 666	\$ 360	\$ 1	\$ 581
Power & Vision	6,785	6,651	216	245	(62)	266
Seating Systems	3,089	3,077	104	42	(8)	40
Complete Vehicles	3,152	3,134	86	51	(2)	24
Corporate & Other <sup>(i)</sup>	(350)	7	(7)	8	2	15
<b>Total Reportable Segments</b>	<b>\$ 21,655</b>	<b>\$ 21,655</b>	<b>\$ 1,065</b>	<b>\$ 706</b>	<b>\$ (69)</b>	<b>\$ 926</b>

<sup>(i)</sup> Included in Corporate and Other Adjusted EBIT are intercompany fees charged to the automotive segments.

<sup>(ii)</sup> The following table reconciles Net income (loss) to Adjusted EBIT:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Net income (loss)</b>	<b>\$ 328</b>	<b>\$ 354</b>	<b>\$ 354</b>	<b>\$ 571</b>
Add:				
Amortization of acquired intangible assets	28	13	56	25
Interest expense, net	54	34	105	54
Other expense, net	68	86	424	228
Income taxes	99	129	107	187
<b>Adjusted EBIT</b>	<b>\$ 577</b>	<b>\$ 616</b>	<b>\$ 1,046</b>	<b>\$ 1,065</b>

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

	June 30, 2024	December 31, 2023
Body Exteriors & Structures	\$ 443	\$ 452
Power & Vision	1,909	1,928
Seating Systems	253	258
Complete Vehicles	105	109
Corporate & Other	21	20
<b>Total Reportable Segments</b>	<b>\$ 2,731</b>	<b>\$ 2,767</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]*

**15. SEGMENTED INFORMATION (CONTINUED)**

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

	June 30, 2024	December 31, 2023
Body Exteriors & Structures	\$ 8,845	\$ 8,147
Power & Vision	7,622	7,880
Seating Systems	1,323	1,340
Complete Vehicles	379	574
Corporate & Other	788	1,066
<b>Total Reportable Segments</b>	<b>\$ 18,957</b>	<b>\$ 19,007</b>

The following table reconciles Total Assets to Net Assets:

	June 30, 2024	December 31, 2023
<b>Total Assets</b>	<b>\$ 31,986</b>	<b>\$ 32,255</b>
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(999)	(1,198)
Deferred tax assets	(807)	(621)
Long-term receivables from joint venture partners	(72)	(49)
Deduct liabilities included in segment net assets:		
Accounts payable	(7,639)	(7,842)
Accrued salaries and wages	(862)	(912)
Other accrued liabilities	(2,650)	(2,626)
<b>Segment Net Assets</b>	<b>\$ 18,957</b>	<b>\$ 19,007</b>