

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME

[Unaudited]

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

	Note	Three months ended	
		March 31,	
		2024	2023
Sales	14	\$ 10,970	\$ 10,673
Costs and expenses			
Cost of goods sold		9,642	9,416
Selling, general and administrative		516	488
Depreciation		377	353
Amortization of acquired intangible assets		28	12
Interest expense, net		51	20
Equity income		(34)	(33)
Other expense, net	2	356	142
Income from operations before income taxes		34	275
Income taxes		8	58
Net income		26	217
Income attributable to non-controlling interests		(17)	(8)
Net income attributable to Magna International Inc.		\$ 9	\$ 209
Earnings per Common Share:	3		
Basic		\$ 0.03	\$ 0.73
Diluted		\$ 0.03	\$ 0.73
Cash dividends paid per Common Share		\$ 0.475	\$ 0.460
Weighted average number of Common Shares outstanding during the period [in millions]:	3		
Basic		286.9	286.1
Diluted		287.1	286.6

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

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

	Note	Three months ended	
		March 31,	
		2024	2023
Net income		\$ 26	\$ 217
Other comprehensive (loss) income, net of tax:	11		
Net unrealized (loss) gain on translation of net investment in foreign operations		(242)	45
Net unrealized (loss) gain on cash flow hedges		(13)	41
Reclassification of net gain on cash flow hedges to net income		(29)	(3)
Pension and post retirement benefits		—	(5)
Reclassification of net loss on pensions to net income		1	1
Other comprehensive (loss) income		(283)	79
Comprehensive (loss) income		(257)	296
Comprehensive income attributable to non-controlling interests		(10)	(10)
Comprehensive (loss) income attributable to Magna International Inc.		\$ (267)	\$ 286

See accompanying notes

MAGNA INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS

[Unaudited]

[U.S. dollars in millions]

	Note	As at March 31, 2024	As at December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 1,517	\$ 1,198
Accounts receivable		8,379	7,881
Inventories	5	4,511	4,606
Prepaid expenses and other		399	352
		14,806	14,037
Investments	6	1,195	1,273
Fixed assets, net		9,545	9,618
Operating lease right-of-use assets		1,733	1,744
Intangible assets, net		821	876
Goodwill		2,705	2,767
Deferred tax assets		753	621
Other assets	7	1,120	1,319
		\$ 32,678	\$ 32,255
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowing	9	\$ 838	\$ 511
Accounts payable		7,855	7,842
Other accrued liabilities	8	2,728	2,626
Accrued salaries and wages		883	912
Income taxes payable		132	125
Long-term debt due within one year		824	819
Current portion of operating lease liabilities		306	399
		13,566	13,234
Long-term debt	9	4,549	4,175
Operating lease liabilities		1,407	1,319
Long-term employee benefit liabilities		584	591
Other long-term liabilities		471	475
Deferred tax liabilities		177	184
		20,754	19,978
Shareholders' equity			
Capital stock			
Common Shares			
[issued: 287,280,095; December 31, 2023 – 286,552,908]	10	3,399	3,354
Contributed surplus		125	125
Retained earnings		9,171	9,303
Accumulated other comprehensive loss	11	(1,174)	(898)
		11,521	11,884
Non-controlling interests		403	393
		11,924	12,277
		\$ 32,678	\$ 32,255

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Note	Three months ended	
		March 31,	
		2024	2023
Cash provided from (used for):			
OPERATING ACTIVITIES			
Net income		\$ 26	\$ 217
Items not involving current cash flows	4	565	351
		591	568
Changes in operating assets and liabilities	4	(330)	(341)
Cash provided from operating activities		261	227
INVESTMENT ACTIVITIES			
Fixed asset additions		(493)	(424)
Acquisitions		(30)	—
Increase in public and private equity investments		(23)	—
Increase in investments, other assets and intangible assets		(125)	(101)
Proceeds from dispositions		87	19
Net cash inflow (outflow) from disposal of facilities		4	(25)
Cash used for investing activities		(580)	(531)
FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		341	(3)
Issues of debt	9	425	1,641
Repayments of debt		(9)	(2)
Issues of Common Shares on exercise of stock options		30	6
Tax withholdings on vesting of equity awards		(4)	(9)
Repurchase of Common Shares	10	(3)	(9)
Dividends paid to non-controlling interests		—	(7)
Dividends		(134)	(132)
Cash provided by (used for) financing activities		646	1,485
Effect of exchange rate changes on cash and cash equivalents		(8)	14
Net increase in cash and cash equivalents during the period		319	1,195
Cash and cash equivalents, beginning of period		1,198	1,234
Cash and cash equivalents, end of period	4	\$ 1,517	\$ 2,429

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Note	<u>Common Shares</u> Number	<u>Stated</u> Value	<u>Contri- buted</u> Surplus	<u>Retained</u> Earnings	<u>AOCL</u> ⁽ⁱ⁾	<u>Non- controlling</u> Interest	<u>Total</u> Equity
		[in millions]						
Balance, December 31, 2023		286.6	\$ 3,354	\$ 125	\$ 9,303	\$ (898)	\$ 393	\$ 12,277
Net income					9		17	26
Other comprehensive loss						(276)	(7)	(283)
Shares issued on exercise of stock options		0.7	36	(6)				30
Release of stock and stock units		0.1	9	(9)				—
Tax withholdings on vesting of Equity awards		(0.1)	(1)		(3)			(4)
Repurchase and cancellation under normal course issuer bid	10	(0.1)	(1)		(2)			(3)
Stock-based compensation expense				15				15
Dividends paid		0.1	2		(136)			(134)
Balance, March 31, 2024		287.3	\$ 3,399	\$ 125	\$ 9,171	\$ (1,174)	\$ 403	\$ 11,924

	Note	<u>Common Shares</u> Number	<u>Stated</u> Value	<u>Contri- buted</u> Surplus	<u>Retained</u> Earnings	<u>AOCL</u> ⁽ⁱ⁾	<u>Non- controlling</u> Interest	<u>Total</u> Equity
		[in millions]						
Balance, December 31, 2022		285.9	\$ 3,299	\$ 111	\$ 8,639	\$ (1,114)	\$ 400	\$ 11,335
Net income					209		8	217
Other comprehensive income						77	2	79
Shares issued on exercise of stock options		0.1	7	(1)				6
Release of stock and stock units		0.3	15	(15)				—
Tax withholdings on vesting of Equity awards		(0.1)	(2)		(7)			(9)
Repurchase and cancellation under normal course issuer bid	10	(0.1)	(2)		(8)	1		(9)
Stock-based compensation expense				9				9
Dividends paid			2		(134)			(132)
Dividends paid to non-controlling interests							(7)	(7)
Balance, March 31, 2023		286.1	\$ 3,319	\$ 104	\$ 8,699	\$ (1,036)	\$ 403	\$ 11,489

(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, 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 March 31, 2024 and the results of operations, changes in equity, and cash flows for the three-month periods ended March 31, 2024 and 2023.

For the three months ended March 31, 2023, \$12 million has 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, NET

		Three months ended	
		March 31,	
		2024	2023
Impairments and restructuring related to			
Fisker Inc. ["Fisker"]	[a]	\$ 316	\$ —
Restructuring	[b]	38	118
Investments	[c]	2	24
		\$ 356	\$ 142

[a] Impairments and restructuring related to Fisker

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 as a result of the expected lack of future cashflows and the substantial doubt about Fisker's ability to continue as a going concern. The assets impaired include production receivables, inventory, fixed assets and other capitalized expenditures. The following table summarizes the net asset impairments by segment:

	Body Exteriors & Structures	Power & Vision	Seating Systems	Complete Vehicles	Total
Accounts receivable	\$ 3	\$ 4	\$ 2	\$ 14	\$ 23
Inventories	5	37	8	—	50
Other assets, net		54	—	90	144
Fixed assets, net	1	48	5	3	57
Other accrued liabilities	(5)	—	—	(10)	(15)
Operating lease right-of-use assets	1	—	1	—	2
	\$ 5	\$ 143	\$ 16	\$ 97	\$ 261

The Company is also exposed to risk related to third-party obligations of approximately \$75 million in connection with manufacturing of the Fisker Ocean SUV.

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 (CONTINUED)

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 have been 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, and was recognized in income as performance obligations were satisfied. The unamortized amount of this deferred revenue as of March 31, 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.

Restructuring

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

[b] Restructuring

In the first quarter of 2024, the Company recorded additional restructuring charges of \$26 million [\$20 million after tax] in its Complete Vehicles segment, and \$12 million [\$12 million after tax] related to a facility in Europe in its Body Exteriors & Structures segment.

In the first quarter of 2023, the Company recorded restructuring charges of \$105 million [\$82 million after tax] in its Power & Vision segment, and \$13 million [\$10 million after tax] in its Body Exteriors & Structures segment.

[c] Net losses on investments

	Three months ended	
	March 31,	
	2024	2023
Revaluation of public and private equity investments	\$ 2	\$ 2
Revaluation of Fisker warrants	—	22
Other expense, net	2	24
Tax effect	(1)	(6)
Net loss attributable to Magna	\$ 1	\$ 18

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

	Three months ended	
	March 31,	
	2024	2023
Basic earnings per Common Share:		
Net income attributable to Magna International Inc.	\$ 9	\$ 209
Weighted average number of Common Shares outstanding	286.9	286.1
Basic earnings per Common Share	\$ 0.03	\$ 0.73
Diluted earnings per Common Share [a]:		
Net income attributable to Magna International Inc.	\$ 9	\$ 209
Weighted average number of Common Shares outstanding	286.9	286.1
Stock options and restricted stock	0.2	0.5
	287.1	286.6
Diluted earnings per Common Share	\$ 0.03	\$ 0.73

[a] For the three months ended March 31, 2024, diluted earnings per Common Share excluded 2.8 million [2023 – 1.4 million] Common Shares 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]

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4. DETAILS OF CASH FLOWS

[a] Cash and cash equivalents:

	March 31, 2024	December 31, 2023
Bank term deposits and bankers' acceptances	\$ 586	\$ 502
Cash	931	696
	\$ 1,517	\$ 1,198

[b] Items not involving current cash flows:

	Three months ended March 31,	
	2024	2023
Depreciation	\$ 377	\$ 353
Amortization of acquired intangible assets	28	12
Other asset amortization	44	65
Deferred revenue amortization	(74)	(75)
Dividends received in excess of equity income	14	8
Deferred tax recovery	(128)	(37)
Other non-cash charges	8	1
Non-cash portion of Other expense, net [note 2]	296	24
	\$ 565	\$ 351

[c] Changes in operating assets and liabilities:

	Three months ended March 31,	
	2024	2023
Accounts receivable	\$ (591)	\$ (1,170)
Inventories	(66)	(235)
Prepaid expenses and other	(85)	(4)
Accounts payable	147	693
Accrued salaries and wages	(11)	(21)
Other accrued liabilities	270	491
Income taxes (receivable) payable	6	(95)
	\$ (330)	\$ (341)

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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5. INVENTORIES

Inventories consist of:

	March 31, 2024	December 31, 2023
Raw materials and supplies	\$ 1,732	\$ 1,861
Work-in-process	470	450
Finished goods	554	569
Tooling and engineering	1,755	1,726
	\$ 4,511	\$ 4,606

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

6. INVESTMENTS

	March 31, 2024	December 31, 2023
Equity method investments	\$ 921	\$ 987
Public and private equity investments	245	230
Fisker Warrants	—	34
Debt investments	29	22
	\$ 1,195	\$ 1,273

Cumulative unrealized gains and losses on equity securities held as at March 31, 2024 were \$47 million and \$357 million [\$28 million and \$323 million as at December 31, 2023], respectively.

7. OTHER ASSETS

Other assets consist of:

	March 31, 2024	December 31, 2023
Preproduction costs related to long-term supply agreements	\$ 691	\$ 835
Long-term receivables	276	321
Pension overfunded status	44	41
Unrealized gain on cash flow hedges	2	4
Other, net	107	118
	\$ 1,120	\$ 1,319

8. WARRANTY

The following is a continuity of the Company's warranty accruals:

	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

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]

9. DEBT

Short-term borrowings

[a] Commercial Paper Program

As at March 31, 2024, \$838 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 5.55% [2023 - 5.57%]. No notes were outstanding under the euro-commercial paper program as at March 31, 2024 [\$210 million as at December 31, 2023 with a weighted average interest rate of 4.02%]. Maturities on amounts outstanding are less than three months.

Long-term borrowings

[a] Senior notes

On March 14, 2024, the Company issued \$400 million of Senior Notes carrying an interest rate of 5.050%, with a maturity date of March 14, 2029. The net cash proceeds received from the Senior Note issuance was \$397 million. The Senior Notes were issued for general corporate purposes, which may include the repayment of the Company's existing indebtedness of \$750 million in Senior Notes coming due in June 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.

[b] Global Credit Facility

On March 28, 2024 the Company extended the maturity date of its \$2.7 billion syndicated revolving credit facility from June 24, 2028 to June 25, 2029. No amounts are outstanding under this credit facility.

10. CAPITAL STOCK

[a] During the first quarter of 2024, the Company repurchased 0.1 million shares under a normal course issuer bid for cash consideration of \$3 million.

[b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at May 2, 2024 were exercised or converted:

Common Shares	287,280,095
Stock options ^[i]	6,074,086
	293,354,181

[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]

11. 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)
Accumulated net unrealized gain on cash flow hedges ⁽ⁱ⁾		
Balance, beginning of period	43	5
Net unrealized (loss) gain	(13)	41
Reclassifications to net income	(29)	(3)
Balance, March 31	1	43
Accumulated net unrealized loss on other long-term liabilities		
Balance, beginning of period	(105)	(101)
Net unrealized loss	—	(5)
Reclassifications to net income	1	1
Balance, March 31	(104)	(105)
Total accumulated other comprehensive loss	\$ (1,174)	\$ (1,036)

(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 (losses)	4	(15)
Reclassifications to net income	10	1
Balance, March 31	\$ (2)	\$ (14)

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

12. FINANCIAL INSTRUMENTS

[a] Financial assets and liabilities

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

	March 31, 2024	December 31, 2023
Financial assets		
Cash and cash equivalents	\$ 1,517	\$ 1,198
Accounts receivable	8,379	7,881
Fisker Warrants and public and private equity investments	245	264
Debt investments	29	22
Long-term receivables included in other assets	276	321
	\$ 10,446	\$ 9,686
Financial liabilities		
Short-term borrowing	\$ 838	\$ 511
Long-term debt (including portion due within one year)	5,373	4,994
Operating lease liabilities (including current portion)	1,713	1,718
Accounts payable	7,855	7,842
	\$ 15,779	\$ 15,065
Derivatives designated as effective hedges, measured at fair value		
Foreign currency contracts		
Prepaid expenses	\$ 42	\$ 78
Other assets	2	4
Other accrued liabilities	(24)	(13)
Other long-term liabilities	(7)	(8)
	\$ 13	\$ 61

[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 March 31, 2024 were \$139 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.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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12. FINANCIAL INSTRUMENTS (CONTINUED)

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]

Fisker Warrants

The Company determined the value of its warrants based on the last quoted price in the active market for Fisker's 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 Loan

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 March 31, 2024, the net book value of the Company's Senior Notes was \$4.9 billion and the estimated fair value was \$4.8 billion. The fair value of our 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, 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 months ended March 31, 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 continues to develop and conduct 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 March 31, 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.

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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12. FINANCIAL INSTRUMENTS (CONTINUED)

[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.

[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 March 31, 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	10	0.78351	2,310	0.04310	11	0.85755	719	0.03716
(Sell)	(619)	1.28153	—	—	(43)	1.08593	—	—

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

[g] Equity price risk

Public equity securities

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.

13. 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.

MAGNA INTERNATIONAL INC.
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[Unaudited]

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

14. 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:

Three months ended March 31, 2024						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 4,429	\$ 4,363	\$ 298	\$ 180	\$ —	\$ 306
Power & Vision	3,842	3,781	98	142	(27)	143
Seating Systems	1,455	1,449	52	25	(5)	22
Complete Vehicles	1,383	1,374	27	25	(1)	12
Corporate & Other [i]	(139)	3	(6)	5	(1)	10
Total Reportable Segments	\$ 10,970	\$ 10,970	\$ 469	\$ 377	\$ (34)	\$ 493

Three months ended March 31, 2023						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 4,439	\$ 4,318	\$ 272	\$ 185	\$ —	\$ 271
Power & Vision	3,323	3,255	92	118	(34)	113
Seating Systems	1,486	1,479	37	22	(4)	20
Complete Vehicles	1,626	1,617	52	25	(1)	11
Corporate & Other [i]	(201)	4	(4)	3	6	9
Total Reportable Segments	\$ 10,673	\$ 10,673	\$ 449	\$ 353	\$ (33)	\$ 424

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

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

	Three months ended March 31,	
	2024	2023
Net income	\$ 26	\$ 217
Add:		
Amortization of acquired intangible assets	28	12
Interest expense, net	51	20
Other expense, net	356	142
Income taxes	8	58
Adjusted EBIT	\$ 469	\$ 449

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[Unaudited]

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

14. SEGMENTED INFORMATION (CONTINUED)

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

	March 31, 2024	December 31, 2023
Body Exteriors & Structures	\$ 445	\$ 452
Power & Vision	1,880	1,928
Seating Systems	255	258
Complete Vehicles	106	109
Corporate & Other	19	20
Total Reportable Segments	\$ 2,705	\$ 2,767

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

	March 31, 2024	December 31, 2023
Body Exteriors & Structures	\$ 8,513	\$ 8,147
Power & Vision	7,608	7,880
Seating Systems	1,333	1,340
Complete Vehicles	361	574
Corporate & Other	1,066	1,066
Total Reportable Segments	\$ 18,881	\$ 19,007

The following table reconciles Total Assets to Net Assets:

	March 31, 2024	December 31, 2023
Total Assets	\$ 32,678	\$ 32,255
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(1,517)	(1,198)
Deferred tax assets	(753)	(621)
Long-term receivables from joint venture partners	(61)	(49)
Deduct liabilities included in segment net assets:		
Accounts payable	(7,855)	(7,842)
Accrued salaries and wages	(883)	(912)
Other accrued liabilities	(2,728)	(2,626)
Segment Net Assets	\$ 18,881	\$ 19,007