



**QUARTERLY REPORT
DECEMBER 31, 2024**

1. Overview

A summary of Magellan's business and significant updates

Magellan is a diversified supplier of components to the aerospace industry. Through its wholly owned subsidiaries, controlled entity and joint venture, Magellan designs, engineers and manufactures aeroengine and aerostructure components for aerospace markets, including advanced products for defence and space markets, and complementary specialty products. The Corporation also supports the aftermarket through supply of spare parts as well as performing repair and overhaul services.

Magellan operates substantially all of its activities in one reportable segment, Aerospace, which is viewed as one segment by the chief operating decision-makers for the purpose of resource allocations, assessing performance and strategic planning. The Aerospace segment includes the design, development, manufacture, repair and overhaul, and sale of systems and components for defence and civil aviation.

Business Update

On October 10, 2024 Magellan, along with the University of Manitoba ("UM"), the Canadian Department of National Defence's science and technology organization, Defence Research and Development Canada ("DRDC"), and the United Kingdom's Defence Science and Technology Laboratory ("DSTL") announced a new space domain awareness microsatellite. The Little Innovator in Space Situational Awareness ("LISSA") satellite is a \$0.9 million contract option with DRDC to add a companion nanosatellite to the Redwing mission being built by Magellan. LISSA will be integrated with the Redwing satellite and will be deployed from Redwing sometime after launch, once the two spacecraft have achieved an orbit at the designated altitude.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2024 Annual Report available on www.sedarplus.ca.

2. Results of Operations

A discussion of Magellan's operating results for the fourth quarter ended December 31, 2024

The Corporation reported revenue in the fourth quarter of 2024 of \$240.7 million, a \$17.1 million increase from the fourth quarter of 2023 revenue of \$223.6 million. Gross profit was \$32.4 million in the fourth quarter of 2024 compared to \$23.8 million in the same quarter of the prior year. Net income for the fourth quarter of 2024 was \$15.9 million in comparison to a net loss of \$0.3 million for the fourth quarter of 2023.

Consolidated Revenue

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2024	2023	Change	2024	2023	Change
Canada	94,318	90,261	4.5%	357,769	364,275	(1.8%)
United States	60,203	59,309	1.5%	262,645	234,234	12.1%
Europe	86,183	74,011	16.4%	321,954	281,108	14.5%
Total revenue	240,704	223,581	7.7%	942,368	879,617	7.1%

Revenue in Canada increased 4.5% in the fourth quarter of 2024 compared to the corresponding period in 2023 largely due to higher propulsion product revenues.

Revenue in the United States in the fourth quarter of 2024 increased 1.5% from the fourth quarter of 2023 largely driven by higher casting product revenues, increased aircraft engine shaft revenues and favourable foreign exchange impacts due to the strengthening of the United States dollar relative to the Canadian dollar, offset by lower volumes for single aisle and wide-body aircraft parts for Boeing.

European revenue in the fourth quarter of 2024 increased 16.4% compared to the corresponding period in 2023 driven by higher MRO revenues and favourable foreign exchange impacts due to the strengthening of the British Pound relative to the Canadian dollar.

Gross Profit

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2024	2023	Change	2024	2023	Change
Gross profit	32,426	23,776	36.4%	107,889	88,991	21.2%
Percentage of revenue	13.5%	10.6%		11.4%	10.1%	

Gross profit of \$32.4 million for the fourth quarter of 2024 was \$8.6 million higher than the \$23.8 million for the fourth quarter of 2023, and gross profit as a percentage of revenues of 13.5% for the fourth quarter of 2024 increased from 10.6% recorded in the same period in 2023. The increase in profitability is mainly the result of volume increases, contract rehabilitations on certain programs and favourable product mix, offset in part by price increases on purchased materials and supplies.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2024	2023	Change	2024	2023	Change
Administrative and general expenses	14,178	14,967	(5.3)%	56,935	57,296	(0.6%)
Percentage of revenue	5.9%	6.7%		6.0%	6.5%	

Administrative and general expenses as a percentage of revenue was 5.9% for the fourth quarter of 2024, lower than the same period of 2023 percentage of revenue of 6.7% due to lower salary and benefit costs and lower information technology spending.

Restructuring

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Workforce reduction	-	18	-	458
Closure costs	-	400	-	1,280
Restructuring	-	418	-	1,738

Restructuring costs of \$0.4 million incurred in the fourth quarter of 2023 include ongoing costs associated with the closure of the Bournemouth facility and dismantling its former manufacturing operations.

Other

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Foreign exchange (gain) loss	(2,853)	3,048	(2,682)	4,865
(Gain) loss on disposal of property, plant and equipment	(10)	54	218	17
Gain on disposal of investment properties	-	(20)	-	(20)
(Gain) loss on pension settlement	-	(211)	(203)	433
Other	833	39	1,655	39
Total Other	(2,030)	2,910	(1,012)	5,334

Other for the fourth quarter of 2024 included a \$2.9 million foreign exchange gain compared to a \$3.0 million foreign exchange loss in the fourth quarter of 2023. The movements in balances denominated in foreign currencies and the fluctuations of the foreign exchange rates impact the net foreign exchange gain or loss recorded in a quarter.

Interest Expense

	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Interest expense on bank indebtedness and long-term debt	152	505	1,541	1,237
Accretion charge for borrowings and long-term debt	183	233	770	843
Accretion on lease liabilities	451	191	1,580	1,378
Discount on sale of trade receivables	74	95	289	231
Total interest expense	860	1,024	4,180	3,689

Total interest expense of \$0.9 million in the fourth quarter of 2024 decreased \$0.1 million compared to the fourth quarter of 2023 mainly due to lower interest expense on bank indebtedness and long-term debt, offset in part by higher accretion charges for lease liabilities.

Provision for Income Taxes

	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Current income tax expense	5,073	1,546	16,665	11,974
Deferred income tax (recovery) expense	(1,539)	3,177	(4,365)	(287)
Income tax expense	3,534	4,723	12,300	11,687
Effective tax rate	18.2%	106.0%	25.7%	55.8%

Income tax expense for the fourth quarter ended December 31, 2024 was \$3.5 million, representing an effective income tax rate of 18.2% compared to 106.0% for the same period of 2023. The change in the effective tax rate and current and deferred income tax expenses year over year was primarily due to the change in mix of income and losses across the different jurisdictions in which the Corporation operates and the reversal of temporary differences.

3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2024				2023			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Expressed in millions of dollars, except per share amounts								
Revenues	240.7	223.5	242.9	235.2	223.5	213.0	219.7	223.4
Income before taxes	19.4	9.3	9.9	9.2	4.4	4.7	6.1	5.7
Net income (loss)	15.9	5.8	7.5	6.3	(0.3)	3.7	1.9	3.9
Net income (loss) per share								
Basic and diluted	0.28	0.10	0.13	0.11	(0.00)	0.06	0.03	0.07
EBITDA ¹	31.6	21.5	21.9	21.7	15.9	17.7	19.3	18.3
Adjusted EBITDA ¹	31.6	21.5	21.9	21.7	16.4	18.5	19.5	18.6

¹ EBITDA and Adjusted EBITDA are not IFRS financial measures. Please see Section 4 the "Reconciliation of Net Income to EBITDA and Adjusted EBITDA" section for more information.

Revenues and net income in the quarter were impacted by the movements of the Canadian dollar relative to the United States dollar and British pound, when the Corporation translates its foreign operations to Canadian dollars. Further, the movements in the United States dollar relative to the British pound impact the Corporation's United States dollar exposures in its European operations. During the periods reported, the average quarterly exchange rate of the United States dollar relative to the Canadian dollar fluctuated between a high of 1.3990 in the fourth quarter of 2024 and a low of 1.3412 in the third quarter of 2023. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.7922 in the fourth quarter of 2024 and hit a low of 1.6429 in the first quarter of 2023. The average quarterly exchange rate of the British pound relative to the United States dollar reached a high of 1.3011 in the third quarter of 2024 and hit a low of 1.2154 in the first quarter of 2023. Had exchange rates remained at levels experienced in 2023, reported revenues in 2024 would have been lower in the second, third and fourth quarters of 2024 by \$2.1 million, \$2.8 million and \$7.9 million, respectively, and there would have been a nominal impact on the first quarter of 2024.

The Corporation's results in 2023 continued to be impacted by supply chain disruptions for material supplies and inflation in materials, supplies, utilities and labour. These impacts, which continued into 2024, have stabilized and are having a smaller impact. Movements in foreign exchange rates in the fourth quarter of 2024, contract negotiations and volume increases have positively impacted net income in the quarter.

4. Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA

A description and reconciliation of certain non-IFRS measures used by management

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with IFRS, the Corporation includes EBITDA (earnings before interest, income taxes and depreciation and amortization) and Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, goodwill impairment and restructuring) in this news release. The Corporation has provided this measure because it believes this information is used by certain investors to assess financial performance and that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in the various jurisdictions. Each component of this measure is calculated in accordance with IFRS, but EBITDA and Adjusted EBITDA are not recognized measures under IFRS, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA and Adjusted EBITDA should not be used as alternatives to net income as determined in accordance with IFRS or as alternatives to cash provided by or used in operations.

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	2024	2023	2024	2023
Net income (loss)	15,884	(266)	35,486	9,247
Add back:				
Interest	860	1,024	4,180	3,689
Taxes	3,534	4,723	12,300	11,687
Depreciation and amortization	11,260	10,497	44,717	46,622
EBITDA	31,538	15,978	96,683	71,245
Add back:				
Restructuring	—	418	—	1,738
Adjusted EBITDA	31,538	16,396	96,683	72,983

Adjusted EBITDA in the fourth quarter of 2024 increased \$15.1 million to \$31.5 million in comparison to \$16.4 million in the same quarter of 2023 mainly as a result of gross margin improvements and reduced other expenses.

5. Liquidity and Capital Resources

A discussion of Magellan's cash flow, liquidity, credit facilities and other disclosures

The Corporation's liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short-term borrowings from its credit facility and accounts receivable securitization program, and long-term debt and equity capacity. Principal uses of cash are for operational requirements, capital expenditures, common share repurchases and dividend payments. Based on current funds available and expected cash flow from operating activities, management believes that the Corporation has sufficient funds available to meet its liquidity requirements at any point in time. However, if cash from operating activities is lower than expected or capital projects exceed current estimates, or if the Corporation incurs major unanticipated expenses, it may be required to seek additional capital in the form of debt or equity or a combination of both.

Cash Flow from Operations

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	2024	2023	2024	2023
Decrease (increase) in accounts receivable	12,854	(10,507)	8,141	(41,962)
(Increase) decrease in contract assets	(3,599)	6,113	(10,204)	(4,120)
Decrease (increase) in inventories	1,754	(445)	(12,753)	(32,020)
Decrease (increase) in prepaid expenses and other	1,091	(111)	(737)	(382)
(Decrease) increase in accounts payable, accrued liabilities and provisions	(1,628)	6,444	(11,048)	9,502
Increase (decrease) in contract liabilities	8,994	1,593	46,097	(8,242)
Changes in non-cash working capital balances	19,466	3,087	19,496	(77,224)
Cash provided by (used in) operating activities	46,273	18,766	99,287	(17,300)

For the three months ended December 31, 2024, the Corporation generated \$46.3 million from operating activities compared to \$18.8 million generated in the fourth quarter of 2023. Changes in non-cash working capital items generated cash of \$19.5 million as compared to \$3.1 million in the same quarter of the prior year. The quarter over quarter changes were largely attributable to decreases in accounts receivable from timing of customer payments and increases in contract liabilities due to timing of collection of funds offset in part by increases in contract assets due to timing of production and billing related to products transferred over time, and decreases in accounts payable, accrued liabilities and provisions driven primarily by timing of supplier payments.

Investing Activities

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	2024	2023	2024	2023
Purchase of property, plant and equipment	(13,738)	(9,616)	(36,096)	(19,166)
Proceeds from disposal of property, plant and equipment	—	27	47	212
Proceeds from disposal of investment property	—	354	—	354
Decrease (increase) in intangibles and other assets	1,468	(2,374)	948	(5,094)
Cash used in investing activities	(12,270)	(11,609)	(35,101)	(23,694)

Investing activities used \$12.3 million of cash for the fourth quarter of 2024 compared to \$11.6 million of cash used in the same quarter of the prior year, an increase of \$0.7 million primarily due to higher levels of investment in property, plant and equipment offset largely by decreases in intangible asset spend and deposits recorded in other assets.

Financing Activities

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	2024	2023	2024	2023
(Decrease) increase in bank indebtedness	(13,452)	743	(4,372)	22,674
Increase (decrease) in long-term debt	163	(540)	(720)	(2,136)
Lease liability payments	(1,683)	(1,379)	(6,076)	(5,637)
Increase in borrowings subject to specific conditions, net	28	464	9	691
(Decrease) increase in long-term liabilities and provisions	(73)	153	(53)	(16)
Common share repurchases	—	(569)	(689)	(1,622)
Common share dividends	(1,429)	(1,431)	(5,715)	(5,734)
Cash (used in) provided by financing activities	(16,446)	(2,559)	(17,616)	8,220

Financing activities used \$16.4 million of cash in the fourth quarter of 2024 compared to \$2.6 million of cash usage in the same quarter of the prior year. The quarter over quarter change was largely attributable to decreases in bank indebtedness.

On June 14, 2023, the Corporation extended its Bank Credit Facility Agreement (“2023 Credit Facility”) with a syndicate of lenders for an additional two-year period expiring on June 30, 2025. The 2023 Credit Facility provides for a multi-currency global operating credit facility to be available to Magellan in a maximum aggregate amount of \$75 million. Interest applicable to the facility is at banker’s acceptance or adjusted SOFR rates plus a spread of 1.00%. The 2023 Credit Facility also includes a \$75 million uncommitted accordion provision, which provides Magellan with the option to increase the size of the operating credit facility to \$150 million. Extensions of the agreement are subject to mutual consent of the syndicate of lenders and the Corporation.

As at December 31, 2024, the Corporation had contractual commitments to purchase \$30.9 million of capital assets.

Dividends

For each year ended December 31, 2024 and 2023, the Corporation paid dividends on its common shares of \$5.7 million. Quarterly dividend payments were \$0.025 per share in both 2024 and 2023.

Subsequent to December 31, 2024, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of \$0.025 per common share. The dividend will be payable on March 31, 2025 to shareholders of record at the close of business on March 19, 2025. The Board of Directors of the Corporation continues to review its dividends on a quarterly basis to ensure that the dividend declared balances the return of capital to shareholders while maintaining adequate financial flexibility and investment in growth initiatives.

Normal Course Issuer Bid

On May 25, 2022, the Corporation announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid (the "2022 NCIB"). The 2022 NCIB allowed for the purchase of up to 2,886,455 common shares, over a twelve-month period commencing May 27, 2022 and ending May 26, 2023. On May 25, 2023, the Corporation's second NCIB application was approved (the "2023 NCIB"). The 2023 NCIB allows for the purchase of up to 2,868,106 common shares over a twelve-month period commencing May 27, 2023 and ending May 26, 2024. On May 24, 2024, the Corporation's third NCIB application was approved (the "2024 NCIB"). The 2024 NCIB allows the Corporation to purchase up to 2,857,469 common shares over a twelve-month period commencing May 28, 2024 and ending May 27, 2025.

During the year ended December 31, 2024, 92,217 shares were purchased for cancellation for \$689 at a volume weighted average price paid of \$7.47 per common share. During the year ended December 31, 2023, 214,937 shares were purchased for cancellation for \$1,622 at a volume weighted average price paid of \$7.55 per common share.

Outstanding Share Information

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of common shares. As at March 7, 2025, 57,138,580 common shares were outstanding and no preference shares were outstanding.

6. Financial Instruments

A summary of Magellan's financial instruments

Derivative Contracts

The Corporation operates internationally, which gives rise to a risk that its income, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange rates. Currency risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian dollar denominated financial statements of the Corporation's subsidiaries may vary on consolidation into the reporting currency of Canadian dollars. The Corporation from time to time may use derivative financial instruments to help manage foreign exchange risk with the objective of reducing transaction exposures and the resulting volatility of the Corporation's earnings. The Corporation does not trade in derivatives for speculative purposes. Under these contracts, the Corporation is obligated to purchase specified amounts at predetermined dates and exchange rates. These contracts are matched with anticipated cash flows in United States dollars. The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. The Corporation has applied IFRS 9 on a prospective basis for hedge accounting. The Corporation's qualifying hedging relationships as at December 31, 2024 qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. As at December 31, 2024, the Corporation entered into forward foreign exchange contracts to purchase US dollars of \$4.0 million and British pounds of £23.5 million over a period of one month commencing December of 2024 at exchange rates of \$1.4360 and \$1.7972 Canadian dollars, respectively. Under these contracts the Corporation is obliged to purchase specific amounts at predetermined dates and exchange rates. These contracts are matched with anticipated operational cash flows in US dollars, and British pounds.

The Corporation conversely entered into foreign currency collar contracts as follows:

Maturity	Notional amount	Floor	Ceiling	Carrying value	Line item in the statement of financial position
June 2025	US\$10.8 million	1.2500	1.3245	\$1.2 million	Accounts payable, accrued liabilities and provisions
June 2025	US\$10.8 million	1.2500	1.3300	\$1.1 million	Accounts payable, accrued liabilities and provisions

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

7. Related Party Transactions

A summary of Magellan’s transactions with related parties

For the three month period ended December 31, 2024, the Corporation had no material transactions with related parties as defined in IAS 24, *Related Party Disclosures*.

8. Risk Factors

A summary of risks and uncertainties facing Magellan

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to help identify and manage significant operational and financial risks.

For more information in relation to the risks inherent in Magellan’s business, reference is made to the information under “Risk Factors” in the Corporation’s Management’s Discussion and Analysis for the year ended December 31, 2024 and to the information under “Risks Inherent in Magellan’s Business” in the Corporation’s Annual Information Form for the year ended December 31, 2024, which have been filed with SEDAR+ at www.sedarplus.ca.

9. Outlook

The outlook for Magellan’s business in 2025

Turbulence in the commercial aircraft manufacturing market began to improve somewhat in the fourth quarter of 2024, in part due to Boeing reaching an agreement with their machinists union which resolved an almost two month long strike. The strike halted all production and delivery activities on 737, 767 and 777 programs, as well as 777-9 certification flight tests. This disruption compounded what was already a challenging environment with supply chain delays, labor shortages, and other market disruptions. To help maintain overall supply chain capacity in this environment, performing suppliers delivered product at rates which exceeded actual aircraft build rates. Supplier delivery rates have since been slowed by original equipment manufacturers in order for them to be able to consume the excess stocks that were accumulated. This balancing out of the supply chain is expected to be substantially accomplished in the first half of 2025. Meanwhile, engine deliveries appear to be improving. This is also expected to help stabilize aircraft production demand going forward.

In the fourth quarter of 2024, Airbus secured gross orders for 211 aircraft and delivered 269 aircraft. They recorded a significant order count in December 2024 for 99 new aircraft from 7 customers. Total deliveries for the year were 766 aircraft, which was below the original target of 800 aircraft, but still higher than 2023 deliveries. Airbus ended 2024 with a total order backlog of 8,658 aircraft. Airbus’ single aisle production rate during 2024 did not reach 61 aircraft per month as planned. The unofficial rate at year-end was 52 aircraft per month. Forecasts suggest Airbus will reach 57 to 60 aircraft per month within the first half of 2025 and then 68 aircraft per month by year-end of 2025.



Boeing secured orders for 254 aircraft and delivered 57 aircraft in the fourth quarter of 2024, ending the year with a total order backlog of 6,245 aircraft. In December, Boeing announced receiving a major order from Pegasus Airlines for up to 200 of their 737-10 MAX aircraft, consisting of 100 firm orders plus 100 order options. With the machinists strike over in November, Boeing began staging the restart of aircraft production in December. Boeing issued a revised production schedule, which indicated the 737-production rate would reach 38 aircraft per month by May 2025, followed by an increase to 57 aircraft per month by 2027. Increases beyond 38 aircraft per month remain subject to FAA directives. Flight-testing and certification of the 777-9 resumed in January 2025.

In the defence market, the outlook remains unchanged with the anticipated strong demand continuing to provide manufacturers with secure order books for the foreseeable future. Against the backdrop of the war in Ukraine and tensions with China, the modernization of armed forces globally was in the forefront in 2024, with new orders for advanced fighters, developments in unmanned combat aircraft and the first appearance of China's newest fighter aircraft. Growth in demand is expected as countries prioritize defence readiness and fleet modernization in their annual budgets.

The global fleet of F-35 Lightning II fighters now exceeds 1,100, as order bookings continue for the industry's largest defence program. In November, Romania joined the F-35 Lightning II program, by signing a Letter of Offer and Acceptance for 32 fighters. In December 2024, the Pentagon and Lockheed agreed in principle upon a price for the next 145 F-35 fighters to be completed by June 2027. In 2024, Lockheed delivered 110 fighters to the U.S. and its partners.

The past year has again been a challenging one for the aerospace industry. Numerous challenges such as supply chain delays, labour shortages and labour disruptions all have combined to hamper the industry's ability to capitalize on the pent up demand in both the defence and the commercial market sectors. With 2025 now under way, the sense is that things may be settling down, making way for potentially a better year. However, with the impact that U.S. trade tariffs may have upon the aerospace industry, there is an increasing climate of uncertainty, which could have a material negative impact on the aerospace industry and Magellan. The aerospace supply chains are extremely interconnected and Magellan recognizes that its business, operations, financial performance and future growth plans may be materially negatively impacted if tariffs, retaliatory tariffs or other trade measures are implemented between the U.S. and Canada.

Additional Information

Additional information relating to Magellan Aerospace Corporation, including the Corporation's annual information form, can be found on the SEDAR+ web site at www.sedarplus.ca.

Forward Looking Statements

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. These forward looking statements can be identified by the words such as "anticipate", "continue", "estimate", "forecast", "expect", "may", "project", "could", "plan", "intend", "should", "believe" and similar words suggesting future events or future performance. In particular there are forward looking statements contained under the heading "Overview" which outlines certain expectations for future operations. These statements assume the continuation of the current regulatory and legal environment; the continuation of trends for passenger airliner and defence production and are subject to the risks contained herein and outlined in our annual information form. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

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MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Revenues	240,704	223,581	942,368	879,617
Cost of revenues	208,278	199,805	834,479	790,626
Gross profit	32,426	23,776	107,889	88,991
Administrative and general expenses	14,178	14,967	56,935	57,296
Restructuring	—	418	—	1,738
Other	(2,030)	2,910	(1,012)	5,334
Income before interest and income taxes	20,278	5,481	51,966	24,623
Interest expense	860	1,024	4,180	3,689
Income before income taxes	19,418	4,457	47,786	20,934
Income tax expense (recovery):				
Current	5,073	1,546	16,665	11,974
Deferred	(1,539)	3,177	(4,365)	(287)
Net income (loss)	15,884	(266)	35,486	9,247
Other comprehensive income (loss):				
Other comprehensive income (loss) that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	17,556	(572)	32,678	420
Unrealized (loss) gain on foreign exchange hedges, net of tax	(852)	1,509	(579)	2,251
Items not to be reclassified to profit and loss				
In subsequent periods:				
Actuarial income on defined benefit plans, net of tax	3,247	866	4,219	1,125
Comprehensive income	35,835	1,537	71,804	13,043
Net income (loss) per share				
Basic and diluted	0.28	(0.00)	0.62	0.16

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	December 31 2024	December 31 2023
Current assets		
Cash	56,437	8,709
Trade and other receivables	208,430	211,364
Contract assets	82,416	69,052
Inventories	284,082	258,448
Prepaid expenses and other	11,733	10,441
	643,098	558,014
Non-current assets		
Property, plant and equipment	377,563	359,722
Right-of-use assets	35,817	26,857
Investment properties	6,839	6,632
Intangible assets	36,248	37,402
Goodwill	23,948	22,159
Other assets	14,102	13,126
Deferred tax assets	8,639	8,376
	503,156	474,274
Total assets	1,146,254	1,032,288
Current liabilities		
Bank indebtedness	19,857	22,749
Accounts payable, accrued liabilities and provisions	139,921	142,713
Contract liabilities	67,220	27,960
Debt due within one year	10,742	9,439
	237,740	202,861
Non-current liabilities		
Lease liabilities	31,613	24,314
Borrowings subject to specific conditions	24,213	24,166
Other long-term liabilities and provisions	13,840	6,089
Deferred tax liabilities	36,031	37,441
	105,697	92,010
Equity		
Share capital	249,762	250,147
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	480,638	446,952
Accumulated other comprehensive income	53,431	21,332
Equity attributable to equity holders of the Corporation	799,440	734,040
Non-controlling interest	3,377	3,377
Total liabilities and equity	1,146,254	1,032,288

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended December 31		Twelve month period ended December 31	
	2024	2023	2024	2023
Cash flow from operating activities				
Net income (loss)	15,884	(266)	35,486	9,247
Amortization / depreciation of intangible assets, right-of-use assets and property, plant and equipment	11,260	10,497	44,717	46,622
Impairment of intangibles	—	555	—	555
Impairment of property, plant and equipment	—	600	—	600
(Gain) loss on disposal of property, plant and equipment	(10)	54	218	17
Gain on disposal of investment properties	—	(20)	—	(20)
Increase in defined benefit plans	820	347	2,255	2,130
Accretion of financial liabilities	634	422	2,347	2,221
Deferred taxes	(1,537)	3,138	(4,365)	(1,378)
Income on investments in joint venture	(324)	(116)	(908)	(363)
Other	80	468	41	293
Changes to non-cash working capital	19,466	3,087	19,496	(77,224)
Net cash provided by (used in) operating activities	46,273	18,766	99,287	(17,300)
Cash flow from investing activities				
Purchase of property, plant and equipment	(13,738)	(9,616)	(36,096)	(19,166)
Proceeds from disposal of property, plant and equipment	—	27	65	212
Proceeds from disposal of investment properties	—	354	—	354
Increase in intangible and other assets	1,468	(2,374)	930	(5,094)
Net cash used in investing activities	(12,270)	(11,609)	(35,101)	(23,694)
Cash flow from financing activities				
(Decrease) increase in bank indebtedness	(13,452)	743	(4,372)	22,674
Increase (decrease) in debt	163	(540)	(720)	(2,136)
Lease liability payments	(1,683)	(1,379)	(6,076)	(5,637)
Increase in borrowings subject to specific conditions, net	28	464	9	691
(Decrease) increase in long-term liabilities and provisions	(73)	153	(53)	(16)
Common share repurchases	—	(569)	(689)	(1,622)
Common share dividends	(1,429)	(1,431)	(5,715)	(5,734)
Net cash (used in) provided by financing activities	(16,446)	(2,559)	(17,616)	8,220
Increase (decrease) in cash during the period	17,557	4,598	46,570	(32,774)
Cash at beginning of the period	37,912	4,007	8,709	40,940
Effect of exchange rate differences	968	104	1,158	543
Cash at end of the period	56,437	8,709	56,437	8,709