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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – August 6, 2024 – Magellan Aerospace Corporation (“Magellan” or the “Corporation”) released its financial results for the second quarter of 2024. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of Canadian dollars, except per share amounts	2024	2023	Change	2024	2023	Change
Revenue	<b>242,908</b>	219,651	10.6%	<b>478,151</b>	443,027	7.9%
Gross Profit	<b>26,609</b>	23,012	15.6%	<b>50,426</b>	45,274	11.4%
Net Income	<b>7,446</b>	1,979	276.3%	<b>13,757</b>	5,839	135.6%
Net Income per Share	<b>0.13</b>	0.03	333.3%	<b>0.24</b>	0.10	140.0%
Adjusted EBITDA	<b>21,916</b>	19,552	12.1%	<b>43,614</b>	38,128	14.4%
Adjusted EBITDA per Share	<b>0.38</b>	0.34	11.8%	<b>0.76</b>	0.66	15.2%

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 risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

This news release presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles (“GAAP”). Throughout this news release, reference is made to EBITDA (defined as net income before interest, income taxes, depreciation and amortization) and Adjusted EBITDA (net income before interest, income taxes, depreciation and amortization, goodwill impairment and restructuring), which the Corporation considers to be indicative measures of operating performance and a metric to evaluate profitability. EBITDA and Adjusted EBITDA are not generally accepted earnings measures and should not be considered as alternatives to net income (loss) or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating this measure, the Corporation's EBITDA and Adjusted EBITDA may not be directly comparable with similarly titled measures used by other companies.

## 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 aerospace 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.

### The Industry and the Supply Chain

Though global air travel has seen signs of recovery with both domestic and international revenue passenger kilometers, on a combined basis, approaching pre-COVID 19 pandemic levels, Magellan's financial results and operations continue to be influenced by overhanging impacts from the pandemic. These impacts include customer build rate adjustments (and the impact on production scheduling), higher input prices for goods and services, limited availability of products, disruptions to supply chains and labour shortages. Magellan continues to manage these impacts and strives to mitigate their effect on Magellan's operations, supply chain, and most importantly the health and safety of its employees.

In the first six months of 2024, 65.6% of revenues were derived from commercial markets while 34.4% of revenues related to defence markets.

### Business Update

On May 7, 2024, Magellan announced that it would provide Black Brant vehicles and hardware to Peraton in support of the NASA Sounding Rocket Program. Under the terms of the five-year agreement Magellan will supply NASA's annual requirements and could generate revenues up to a maximum of \$75 million.

On May 24, 2024, Magellan renewed its normal course issuer bid ("2024 NCIB") which allows the Corporation to purchase for cancellation up to 2,857,469 of its common shares during the 12-month period commencing May 28, 2024 and ending May 27, 2025 through facilities of the Toronto Stock Exchange ("TSX") or other alternative Canadian trading systems.

On July 25, 2024, Magellan announced the signing of a Memorandum of Understanding with Aequus Private Limited to explore the development of a business plan for a jointly-owned engine MRO business in the Aequus Special Economic Zone, at Belagavi in Karnataka, India.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2023 Annual Report available on [www.sedarplus.ca](http://www.sedarplus.ca).

## 2. Results of Operations

A discussion of Magellan's operating results for the second quarter ended June 30, 2024

The Corporation reported revenue in the second quarter of 2024 of \$242.9 million, a \$23.2 million increase from the second quarter of 2023 revenue of \$219.7 million. Gross profit and net income for the second quarter of 2024 were \$26.6 million and \$7.4 million, respectively, in comparison to gross profit of \$23.0 million and net income of \$2.0 million for the second quarter of 2023.

### Consolidated Revenue

Expressed in thousands of dollars	Three month period ended June 30			Six month period ended June 30		
	2024	2023	Change	2024	2023	Change
Canada	88,224	94,517	(6.7)%	180,152	192,623	(6.5)%
United States	71,041	60,788	16.9%	139,040	117,222	18.6%
Europe	83,643	64,346	30.0%	158,959	133,182	22.8%
Total revenues	242,908	219,651	10.6%	478,151	443,027	7.9%

Revenue in Canada decreased 6.7% in the second quarter of 2024 compared to the corresponding period in 2023, mainly due to lower casting product revenues from work stoppages at one of the Corporation's facilities offset in part by increased specialty product revenues in propulsion and wirestrike.



Revenue in the United States increased by 16.9% in the second quarter of 2024 compared to the second quarter of 2023, largely due to increased revenue for defense aircraft and wide body aircraft parts, higher helicopter part revenues, higher casting product revenues and favourable foreign exchange impacts due to the strengthening of the United States dollar relative to the Canadian dollar. On a currency neutral basis, revenues in the United States increased 14.7% in the second quarter of 2024 over the same period in 2023.

European revenue in the second quarter of 2024 increased 30.0% compared to the corresponding period in 2023 primarily driven by volume increases for single aisle and wide body aircraft parts and favourable foreign exchange impacts resulting from the strengthening of the United States dollar relative to the British pound. On a currency neutral basis, European revenues in the second quarter of 2024 increased by 28.4% when compared to the same period in 2023.

### Gross Profit

Expressed in thousands of dollars	Three month period ended June 30			Six month period ended June 30		
	2024	2023	Change	2024	2023	Change
Gross profit	<b>26,609</b>	23,012	15.6%	<b>50,426</b>	45,274	11.4%
Percentage of revenues	<b>11.0%</b>	10.5%		<b>10.5%</b>	10.2%	

Gross profit of \$26.6 million for the second quarter of 2024 was \$3.6 million higher than the \$23.0 million gross profit for the second quarter of 2023, and gross profit as a percentage of revenues of 11.0% for the second quarter of 2024 increased from 10.5% recorded in the same period in 2023. The gross profit in the current quarter increased from the same quarter in the prior year as a result of volume increases and contract rehabilitations on certain programs in addition to favourable product mix, offset in part by supply chain disruptions, price increases of purchased materials and supplies, and work stoppage at one of the Corporation's facilities.

### Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended June 30			Six month period ended June 30		
	2024	2023	Change	2024	2023	Change
Administrative and general expenses	<b>14,894</b>	14,108	5.6%	<b>29,131</b>	28,455	2.4%
Percentage of revenues	<b>6.1%</b>	6.4%		<b>6.1%</b>	6.4%	

Administrative and general expenses as a percentage of revenues was 6.1% for the second quarter of 2024, lower than the same period of 2023 percentage of revenues of 6.4%. Administrative and general expenses increased \$0.8 million or 5.6% to \$14.9 million in the second quarter of 2024 compared to \$14.1 million in the second quarter of 2023 mainly due to higher salary, benefit and short-term compensation costs in addition to increased information technology spending.

### Restructuring

Expressed in thousands of dollars	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
Restructuring	—	265	—	509

Restructuring in 2023 was primarily related to ongoing costs associated with the closure of the Bournemouth facility and dismantling its former operations.

### Other

Expressed in thousands of dollars	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
Foreign exchange (gain) loss	<b>(163)</b>	1,520	<b>(897)</b>	2,742
Loss (gain) on sale of capital assets	<b>63</b>	(4)	<b>87</b>	(23)
Other	<b>821</b>	150	<b>619</b>	150
Total Other	<b>721</b>	1,666	<b>(191)</b>	2,869

Other for the second quarter of 2024 included a \$0.2 million foreign exchange gain compared to a \$1.5 million foreign exchange loss in the second quarter of the prior year. 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.

Other for the second quarter of 2024 also includes \$0.8 million of provisioning related to certain of the Corporation's environmental obligations.

### Interest Expense

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	2024	2023	2024	2023
Interest on bank indebtedness and long-term debt	452	177	1,161	302
Accretion charge on long-term debt and borrowings	196	232	371	458
Accretion charge for lease liabilities	329	396	698	803
Discount on sale of accounts receivable	83	30	140	78
Total interest expense	1,060	835	2,370	1,641

Total interest expense of \$1.1 million in the second quarter of 2024 increased by \$0.3 million compared to the second quarter of 2023, mainly due to higher interest on bank indebtedness and long-term debt as a result of increased interest rates and higher principal amounts borrowed in the quarter as compared to the prior year.

### Provision for Income Taxes

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	2024	2023	2024	2023
Current income tax expense	3,016	4,471	6,510	8,904
Deferred income tax recovery	(528)	(312)	(1,151)	(2,943)
Income tax expense	2,488	4,159	5,359	5,961
Effective tax rate	25.0%	67.8%	28.0%	50.5%

Income tax expense for the three months ended June 30, 2024 was \$2.5 million, representing an effective income tax rate of 25.0% compared to 67.8% 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				2022
Expressed in millions of dollars, except per share amounts	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Sep 30
Revenue	242.9	235.2	223.5	213.0	219.7	223.4	193.1	191.1	
Income (loss) before taxes	9.9	9.2	4.4	4.7	6.1	5.7	(20.9)	2.5	
Net income (loss)	7.5	6.3	(0.3)	3.7	1.9	3.9	(20.8)	0.6	
Net income (loss) per share									
Basic and diluted	0.13	0.11	(0.00)	0.06	0.03	0.07	(0.36)	0.01	
EBITDA <sup>1</sup>	21.9	21.7	15.9	17.7	19.3	18.3	(8.5)	14.7	
Adjusted EBITDA <sup>1</sup>	21.9	21.7	16.4	18.5	19.5	18.6	(4.8)	14.8	

<sup>1</sup> 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 also 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 in the quarterly financial information table above, the average quarterly exchange rate of the United States dollar relative to the Canadian dollar fluctuated between a high of 1.3684 in the second quarter of 2024 and a low of 1.3061 in the third quarter of 2022. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.7272 in the second quarter of 2024 and hit a low of 1.5350 in the third quarter of 2022. The average quarterly exchange rate of the British pound relative to the United States dollar reached a high of 1.2680 in the first quarter of 2024 and hit a low of 1.1747 in the fourth quarter of 2022.

Revenue for the second quarter of 2024 of \$242.9 million was higher than that in the second quarter of 2023. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the second quarter of 2024 was 1.3684 versus 1.3431 in the same period of 2023. The average quarterly exchange rate of the British pound relative to the Canadian dollar increased from 1.6814 in the second quarter of 2023 to 1.7272 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar increased from 1.2520 in the second quarter of 2023 to 1.2622 in

the current quarter. Had the foreign exchange rates remained at levels experienced in the second quarter of 2023, reported revenues in the second quarter of 2024 would have been lower by \$8.6 million.

The Corporation's results through-out fiscal 2022 and 2023 were negatively impacted by the continued effects of the COVID-19 pandemic via reduced volumes and supply chain disruptions. The decrease in profitability in the fourth quarter of 2022 was mainly the result of the effect of inflation in materials, supplies, utilities and labour; and supply chain disruptions which impacted production of goods resulting in production system inefficiencies and lower absorption of manufacturing supplies. These impacts, although not as significant, continued to impact the results in 2023. Compared to the second quarter of 2023, the Corporation has seen modest, albeit uneven, growth in quarterly revenues as global air travel continues to recover to pre COVID-19 levels.

#### 4. Reconciliation of Net 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 (net income before interest, income taxes and depreciation and amortization) and Adjusted EBITDA (net income before interest, income taxes, depreciation and amortization, goodwill impairment and restructuring) in this press release. The Corporation has provided these measures 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 these measures 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 June 30		Six month period ended June 30	
Expressed in thousands of dollars	2024	2023	2024	2023
Net income	7,446	1,979	13,757	5,839
Add back:				
Interest	1,060	835	2,370	1,641
Taxes	2,488	4,159	5,359	5,961
Depreciation and amortization	10,922	12,314	22,128	24,178
EBITDA	21,916	19,287	43,614	37,619
Add back:				
Restructuring	—	265	—	509
Adjusted EBITDA	21,916	19,552	43,614	38,128

Adjusted EBITDA in the second quarter of 2024 increased \$2.3 million to \$21.9 million in comparison to \$19.6 million in the same quarter of 2023 mainly as a result of the gross margin improvements discussed earlier.

#### 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 June 30		Six month period ended June 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Increase in accounts receivable	(21,220)	(7,441)	(18,838)	(36,654)
Increase in contract assets	(3,698)	(2,132)	(8,948)	(5,953)
Increase in inventories	(4,715)	(5,448)	(12,228)	(17,447)
Decrease (increase) in prepaid expenses and other	361	706	(573)	421
Increase (decrease) in accounts payable, accrued liabilities and provisions	3,907	(14,225)	2,340	3,087
Increase (decrease) in contract liabilities	21,283	(4,730)	36,431	(8,919)
Changes in non-cash working capital balances	(4,082)	(33,270)	(1,816)	(65,465)
Cash provided by (used in) operating activities	14,538	(18,927)	34,365	(37,294)

For the three months ended June 30, 2024, the Corporation generated \$14.5 million of cash from operating activities, compared to \$18.9 million used in the second quarter of 2023. Changes in non-cash working capital items used cash of \$4.1 million, \$29.2 million less when compared to \$33.3 million cash used in the prior year. The quarter over quarter changes were largely attributable to increases in accounts receivables from higher revenues and timing of customer payments, increases in accounts payable, accrued liabilities and provisions primarily driven by timing of supplier payments and increases in contract liabilities primarily driven by timing of customer advance payments.

## Investing Activities

	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Purchase of property, plant and equipment	(8,805)	(2,226)	(15,100)	(5,789)
Proceeds from disposal of property, plant and equipment	56	12	63	178
Decrease (increase) in intangible and other assets	651	(404)	(589)	(1,066)
Cash used in investing activities	(8,098)	(2,618)	(15,626)	(6,677)

Investing activities used \$8.1 million of cash for the second quarter of 2024 compared to \$2.6 million cash used in the same quarter of the prior year, an increase of \$5.5 million in investing activities primarily due to higher levels of investment in property, plant and equipment.

## Financing Activities

	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Increase in bank indebtedness	25,214	11,390	18,552	11,390
Decrease in long-term debt	(180)	(516)	(720)	(1,056)
Lease liability payments	(1,306)	(1,474)	(2,677)	(2,860)
Increase (decrease) in borrowings subject to specific conditions,	1,257	1,551	(19)	227
Increase in long-term liabilities and provisions	286	310	219	311
Common share repurchases	(300)	(418)	(684)	(626)
Common share dividends	(1,429)	(1,433)	(2,858)	(2,869)
Cash provided by financing activities	23,542	9,410	11,513	4,517

Financing activities provided \$23.5 million of cash for the second quarter of 2024 compared to \$9.4 million of cash generated in the same quarter of the prior year. In the current quarter, cash was provided by increases in bank indebtedness and borrowings subject to specific conditions and, offset in part by lease liability payments and common share dividends.

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. 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 2023 Credit Facility are subject to mutual consent of the syndicate of lenders and the Corporation. At June 30, 2024, there were drawings under the 2023 Credit Facility of \$38.3 million, including letters of credit totaling \$3.7 million.

As at June 30, 2024, the Corporation had contractual commitments to purchase \$7.9 million of capital assets.



**Dividends**

During each of the first and second quarter of 2024, the Corporation declared quarterly cash dividends of \$0.025 per common share and paid aggregate dividends of \$2.9 million.

Subsequent to June 30, 2024, the Corporation declared dividends to holders of common shares in the amount of \$0.025 per common share payable on September 30, 2024, to shareholders of record at the close of business on September 16, 2024. 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 funds available for growth initiatives.

**Normal Course Issuer Bid**

On May 24, 2024, the Corporation's application to extend its 2024 NCIB was approved, which allows the Corporation to purchase up to 2,857,469 common shares, over a 12-month period commencing May 28, 2024 and ending May 27, 2025.

During the six month period ended June 30, 2024, the Corporation purchased a total of 87,242 common shares for cancellation at a volume weighted average price of \$7.83 per common share at a cost of \$0.7 million. During the same period in the prior year, the Corporation purchased 86,618 common shares for cancellation at a volume weighted average price of \$7.23 per common share at a cost of \$0.6 million.

**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 August 1, 2024, 57,138,980 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 (forwards and collars), the Corporation is obligated to purchase specified amounts of currency – generally either the United States dollar ("USD") or British Pound ("GBP") - at predetermined dates and exchange rates if certain conditions are met. The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. A number of these contracts are designated as cash flow hedges.

As at June 30, 2024, foreign exchange contracts of USD \$8.0 million and GBP 23.5 million were outstanding with an immaterial mark-to-market fair value loss. In addition, the Corporation had foreign exchange collar contracts outstanding of USD \$43.2 million, which extend to June 2025, with a mark-to-market fair value loss of \$1.7 million.

As at June 30, 2024, the Corporation has \$1.7 million of derivative liabilities as the fair value of its derivative contracts [December 31, 2023 - \$1.3 million] in Accounts payable, accrued liabilities and provisions on the interim condensed consolidated statement of financial position.

**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 June 30, 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, 2023 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2023, which have been filed with SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

## 9. Outlook

The outlook for Magellan's business in 2024

A partial restructuring of the tier I commercial aircraft manufacturing supply chain is taking place as a result of Boeing announcing that it was acquiring Spirit AeroSystems ("Spirit"). This move reverses a long-standing trend of outsourcing key manufacturing operations, which saw Spirit spun off from Boeing in 2005. Spirit supplies key aircraft assemblies, including wings and fuselage sections for the B737 MAX aircraft that are manufactured and then shipped to Boeing for final assembly. Boeing also recently concluded a deal with GKN Aerospace' St. Louis, a step intended to secure production of critical F/A-18 and F-15 components for the U.S. government and bring the St. Louis facility back under Boeing control. Both acquisitions demonstrate Boeing's efforts to strengthen its supply chain and regain control over its production processes.

Considering Spirit also manufactures critical commercial work packages for Airbus programs, a separate agreement was reached whereby Airbus will acquire those packages from Spirit. These include A350 fuselage sections, A220 wings and mid-fuselage sections as well as A220 pylons. This carve-out ensures continuity of Airbus programs while Boeing takes control of the remaining Spirit operations relevant to its own commercial airplanes. Spirit AeroSystems is a customer of Magellan for various products including wing components.

In June 2024, Airbus updated its 2024 guidance and has moved its monthly production target of 75 A320neo aircraft per month out to 2027 from 2026, due to "persistent" and "specific" supply-chain issues. The current build rate is at 58 aircraft per month. Positive news came out of Airbus in April, when the company announced that following strong demand in the widebody sector it would increase the monthly production rate of its A350 to 12 aircraft in 2028 from the 10 aircraft per month previously planned. The current rate is 6 aircraft per month. Meanwhile, the A330 rate is at 3.6 aircraft per month and is expected to increase to 4 aircraft per month this year, and the A220 is at 9.2 aircraft per month and is expected to increase to 10 aircraft per month, also in 2024.

Boeing's 737 production rate remains capped by the FAA at 38 aircraft per month. Boeing clarified earlier in the year that while the actual production rate was less than 38 aircraft per month, the supply chain is being maintained at that rate. Boeing intends to gradually increase its production rate towards 38 aircraft per month during the second half of this year.

In June, Boeing declared a new 787 issue involving incorrect torquing of fasteners causing potential delays to correct affected aircraft. Boeing had previously announced that they expected a slower than planned increase in build rates as they manage through supplier shortages. The 787 aircraft build rate has therefore been temporarily reduced from 5 aircraft per month to 4 aircraft per month. Meanwhile, Boeing's 767 program continues at a rate of 3 aircraft per month and the 777 at 5 aircraft per month.

Within the defence market, the European fighter segment is strong as order backlogs for the three current fighters (Dassault's Rafale, the multi-national Eurofighter and Saab's JAS-39 E/F Gripen) extend out a number of years. Dassault is currently increasing Rafale annual deliveries to approximately 22 aircraft with existing orders supporting production continuing late into the next decade. The Eurofighter program is also seeing increased order activity, including a new order for 24 aircraft from Italy, reinforcing projections of delivering around 200 aircraft over the remaining life of the program. Saab is currently producing





Gripen's for its domestic customer as well as Brazil. The two countries have placed orders for 60 and 36 fighters respectively. In addition to the current fighters mentioned, Lockheed Martin is forecasting approximately 600 to 650 F-35 fighters in service with European customers by 2035.

In the United States, the Pentagon has refused to accept deliveries of new F-35's from Lockheed Martin since July 2023 due to software problems with the Technology Refresh-3 ("TR-3") configuration. With a number of setbacks in testing and validating the software, delivery of full TR-3 standard aircraft is not expected until sometime in 2025. Considering this delay, Lockheed is rolling out an interim "combat training-capable" configuration that would allow for limited non-combat operations of TR-3-standard F-35's. The Pentagon has agreed to accept the interim version of the package in order to resume F-35 deliveries more quickly and deliveries are expected to resume in the third quarter of 2024. Meanwhile, Lockheed and the supply base have continued building aircraft at the full production rate of approximately 155 aircraft per year, suggesting that a large number of new aircraft have been temporarily placed in storage.

In the North American defence helicopter market, the US Army recently cancelled the Future Attack Reconnaissance Aircraft ("FARA") program to free up funds for other initiatives. The change in strategy has boosted Sikorsky's H-60 Blackhawk program as evidenced by an announcement that the next US Army multiyear contract will include up to 255 helicopters delivered over five years starting in 2027. This contract will ensure continued production of the Sikorsky UH-60M at approximately 24 helicopters annually. The cancellation of FARA is also expected to benefit Boeing's AH-64 and CH-47 helicopter programs, potentially extending their lives several decades.

Defence aerospace programs continue to be strong both in Europe and in North America as countries acknowledge the need for capable defence assets in this present geopolitical environment. Ensuring that current needs are addressed is resulting in the life of some programs being extended, and buying time until global defence forces resolve what aircraft capabilities they will require in the future. In the commercial aerospace segment, growth continues to be constrained in certain areas by supply chain issues and by Boeing's ongoing problems. Commercial demand remains strong, however the turbulence needs to settle in order for the industry to take full advantage of available growth opportunities.

## 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](http://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.

-30-

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

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
Revenues	<b>242,908</b>	219,651	<b>478,151</b>	443,027
Cost of revenues	<b>216,299</b>	196,639	<b>427,725</b>	397,753
Gross profit	<b>26,609</b>	23,012	<b>50,426</b>	45,274
Administrative and general expenses	<b>14,894</b>	14,108	<b>29,131</b>	28,455
Restructuring	—	265	—	509
Other expense (income)	<b>721</b>	1,666	<b>(191)</b>	2,869
Income before interest and income taxes	<b>10,994</b>	6,973	<b>21,486</b>	13,441
Interest expense	<b>1,060</b>	835	<b>2,370</b>	1,641
Income before income taxes	<b>9,934</b>	6,138	<b>19,116</b>	11,800
Income tax expense (recovery):				
Current	<b>3,016</b>	4,471	<b>6,510</b>	8,904
Deferred	<b>(528)</b>	(312)	<b>(1,151)</b>	(2,943)
	<b>2,488</b>	4,159	<b>5,359</b>	5,961
<b>Net income</b>	<b>7,446</b>	1,979	<b>13,757</b>	5,839
Other comprehensive income (loss):				
Items that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	<b>3,557</b>	(5,232)	<b>12,541</b>	(1,798)
Unrealized (loss) gain on foreign currency contract hedges	<b>(52)</b>	1,316	<b>(321)</b>	2,084
Items not to be reclassified to profit and loss in subsequent periods:				
Actuarial income (loss) on defined benefit pension plans, net of tax	5	<b>279</b>	(425)	<b>279</b>
		(250)		(250)
<b>Comprehensive income (loss)</b>	<b>11,230</b>	(2,362)	<b>26,256</b>	5,875
<b>Net income per share</b>				
Basic and diluted	6	<b>0.13</b>	0.03	<b>0.24</b>
				0.10

**MAGELLAN AEROSPACE CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited) (expressed in thousands of Canadian dollars)	June 30 2024	December 31 2023
<b>Current assets</b>		
Cash	31,919	1,494
Trade and other receivables	233,384	211,364
Contract assets	79,151	69,052
Inventories	275,621	258,448
Prepaid expenses and other	11,249	10,441
	<b>631,324</b>	<b>550,799</b>
<b>Non-current assets</b>		
Property, plant and equipment	363,707	359,722
Right-of-use assets	33,453	26,857
Investment properties	6,697	6,632
Intangible assets	36,472	37,402
Goodwill	22,863	22,159
Other assets	12,703	13,126
Deferred tax assets	8,439	8,376
	<b>484,334</b>	<b>474,274</b>
<b>Total assets</b>	<b>1,115,658</b>	<b>1,025,073</b>
<b>Current liabilities</b>		
Bank indebtedness	34,628	15,534
Accounts payable, accrued liabilities and provisions	149,754	142,713
Contract liabilities	64,511	27,960
Debt due within one year	9,759	9,439
	<b>258,652</b>	<b>195,646</b>
<b>Non-current liabilities</b>		
Lease liabilities	30,112	24,314
Borrowings subject to specific conditions	23,696	24,166
Other long-term liabilities and provisions	6,118	6,089
Deferred tax liabilities	36,949	37,441
	<b>96,875</b>	<b>92,010</b>
<b>Equity</b>		
Share capital	249,765	250,147
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	457,828	446,952
Accumulated other comprehensive income	33,552	21,332
Equity attributable to equity holders of the Corporation	<b>756,754</b>	<b>734,040</b>
Non-controlling interest	3,377	3,377
<b>Total equity</b>	<b>760,131</b>	<b>737,417</b>
<b>Total liabilities and equity</b>	<b>1,115,658</b>	<b>1,025,073</b>

**MAGELLAN AEROSPACE CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended June 30		Six month period ended June 30	
	2024	2023	2024	2023
<b>Cash flow from operating activities</b>				
Net income	7,446	1,979	13,757	5,839
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	10,922	12,314	22,128	24,178
Loss (gain) on disposal of property, plant and equipment	63	(4)	87	(23)
Increase in defined benefit plans	394	397	649	886
Accretion of financial liabilities	524	629	1,068	1,262
Deferred taxes	(527)	(664)	(1,151)	(3,645)
Income on investments in joint ventures	(163)	(133)	(318)	(151)
Other	(39)	(175)	(39)	(175)
Changes to non-cash working capital	(4,082)	(33,270)	(1,816)	(65,465)
<b>Net cash provided by (used in) operating activities</b>	<b>14,538</b>	<b>(18,927)</b>	<b>34,365</b>	<b>(37,294)</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(8,805)	(2,226)	(15,100)	(5,789)
Proceeds from disposal of property, plant and equipment	56	12	63	178
Decrease (increase) in intangible and other assets	651	(404)	(589)	(1,066)
<b>Net cash used in investing activities</b>	<b>(8,098)</b>	<b>(2,618)</b>	<b>(15,626)</b>	<b>(6,677)</b>
<b>Cash flow from financing activities</b>				
Increase in bank indebtedness	25,214	11,390	18,552	11,390
Decrease in long-term debt	(180)	(516)	(720)	(1,056)
Lease liability payments	(1,306)	(1,474)	(2,677)	(2,860)
Increase (decrease) in borrowings subject to specific conditions, net	1,257	1,551	(19)	227
Increase in long-term liabilities and provisions	286	310	219	311
Common share repurchases	(300)	(418)	(684)	(626)
Common share dividends	(1,429)	(1,433)	(2,858)	(2,869)
<b>Net cash provided by financing activities</b>	<b>23,542</b>	<b>9,410</b>	<b>11,813</b>	<b>4,517</b>
<b>Increase (decrease) in cash during the period</b>	<b>29,982</b>	<b>(12,135)</b>	<b>30,552</b>	<b>(39,454)</b>
Cash at beginning of the period	2,215	13,807	1,494	40,940
Effect of exchange rate differences	(278)	144	(127)	330
<b>Cash at end of the period</b>	<b>31,919</b>	<b>1,816</b>	<b>31,919</b>	<b>1,816</b>