



**QUARTERLY REPORT
DECEMBER 31, 2025**

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

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2025 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, 2025

The Corporation reported revenue in the fourth quarter of 2025 of \$278.3 million, a \$37.6 million or 15.6% increase from the fourth quarter of 2024 revenue of \$240.7 million. Gross profit was \$45.2 million in the fourth quarter of 2025 compared to \$32.4 million in the same quarter of the prior year. Net income for the fourth quarter of 2025 was \$10.6 million compared to \$15.9 million for the fourth quarter of 2024.

Consolidated Revenue

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2025	2024	Change	2025	2024	Change
Canada	106,306	94,318	12.7%	408,769	357,769	14.3%
United States	75,749	60,203	25.8%	295,799	262,645	12.6%
Europe	96,270	86,183	11.7%	340,114	321,954	5.6%
Total revenue	278,325	240,704	15.6%	1,044,682	942,368	10.9%

Revenue in Canada increased 12.7% in the fourth quarter of 2025 compared to the corresponding period in 2024 largely due to higher casting product revenues, increased aircraft engine part revenues and higher defence product revenues.

Revenue in the United States in the fourth quarter of 2025 increased 25.8% from the fourth quarter of 2024 largely driven by higher single aisle and wide-body aircraft part revenues for Boeing. On a currency neutral basis, revenues in the United States increased 26.3% in the fourth quarter of 2025 over the same period in 2024.

European revenue in the fourth quarter of 2025 increased 11.7% compared to the corresponding period in 2024 largely driven by higher single aisle and wide-body aircraft part revenues for Airbus and favourable foreign exchange impacts due to the strengthening of the British Pound relative to the Canadian dollar. On a currency neutral basis, European revenues in the fourth quarter of 2025 increased by 7.6% when compared to the same period in 2024.

Gross Profit

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2025	2024	Change	2025	2024	Change
Gross profit	45,171	32,426	39.3%	144,805	107,889	34.2%
Percentage of revenue	16.2%	13.5%		13.9%	11.4%	

Gross profit of \$45.2 million for the fourth quarter of 2025 was \$12.8 million or 39.3% higher than the \$32.4 million level for the fourth quarter of 2024, and gross profit as a percentage of revenues of 16.2% for the fourth quarter of 2025 increased from 13.5% recorded in the same period in 2024. 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		
	2025	2024	Change	2025	2024	Change
Administrative and general expenses	16,100	14,178	13.6%	65,463	56,935	15.0%
Percentage of revenue	5.8%	5.9%		6.3%	6.0%	

Administrative and general expenses as a percentage of revenue was 5.8% for the fourth quarter of 2025, slightly lower than the same period of 2024 percentage of revenue of 5.9%. Administrative and general expenses increased \$1.9 million or 13.6% to \$16.1 million in the fourth quarter of 2025 compared to \$14.2 million in the fourth quarter of 2024 driven by higher salary and benefit costs, higher one-time employee headcount reduction initiative costs and higher travel costs.

Other Expense (Income)

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Foreign exchange loss (gain)	1,848	(2,853)	9,668	(2,682)
Loss (gain) on disposal of property, plant and equipment	104	(10)	106	218
Gain on pension settlement	—	—	—	(203)
Other	13,549	833	13,556	1,655
Total Other expense (income)	15,501	(2,030)	23,330	(1,012)

Other expense for the fourth quarter of 2025 included a \$1.8 million foreign exchange loss compared to a \$2.9 million foreign exchange gain in the fourth quarter of 2024. 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 expense for the fourth quarter also included an environmental provision recorded in the fourth quarter of 2025 of \$12.1 million (USD \$8.8 million) on a pre-tax basis or \$9.4 million (USD \$6.9 million) on an after-tax basis in support of potential remediation costs at a former operations site operated by a predecessor corporation prior to it being acquired by a subsidiary of the Corporation.

Interest Expense

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Interest (income) expense on cash, bank indebtedness and long-term debt	(171)	152	(890)	1,541
Accretion charge for borrowings and long-term debt	208	183	790	770
Accretion on lease liabilities	460	451	1,778	1,580
Discount on sale of trade receivables	66	74	228	289
Total interest expense	563	860	1,906	4,180

Total interest expense of \$0.6 million in the fourth quarter of 2025 decreased \$0.3 million compared to the fourth quarter of 2024 mainly due to higher interest earned on cash balances, and lower interest paid on bank indebtedness and long-term debt, due to higher cash balances in the current quarter as compared to the prior year.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Current income tax expense	4,737	5,073	19,895	16,665
Deferred income tax expense (recovery)	(2,308)	(1,539)	(5,228)	(4,365)
Income tax expense	2,429	3,534	14,667	12,300
Effective tax rate	18.7%	18.2%	27.1%	25.7%

Income tax expense for the fourth quarter ended December 31, 2025 was \$2.4 million, representing an effective income tax rate of 18.7% compared to 18.2% for the same period of 2024. 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

Expressed in millions of dollars, except per share amounts	2025				2024			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenues	278.3	255.7	249.8	260.9	240.7	223.5	242.9	235.2
Income before taxes	13.0	17.4	8.7	15.0	19.4	9.3	9.9	9.2
Net income	10.5	12.7	5.4	10.8	15.9	5.8	7.5	6.3
Net income per share								
Basic and diluted	0.19	0.22	0.09	0.19	0.28	0.10	0.13	0.11
EBITDA ¹	25.4	29.8	21.1	27.3	31.6	21.5	21.9	21.7
Adjusted EBITDA ¹	38.9	29.8	21.1	27.3	32.4	21.5	22.7	21.7

¹ EBITDA and Adjusted EBITDA are not IFRS financial measures. Please see Section 4 "Reconciliation of Net Income to EBITDA and Adjusted EBITDA" 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 1.4350 in the first quarter of 2025 and a low of 1.3488 in the first quarter of 2024. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.8573 in the third quarter of 2025 and hit a low of 1.7103 in the first quarter of 2024. The average quarterly exchange rate of the British pound relative to the United States dollar reached a high of 1.3483 in the third quarter of 2025 and hit a low of 1.2600 in the first quarter of 2025.

Revenue for the fourth quarter of 2025 of \$278.3 million was higher than that in the fourth quarter of 2024. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the fourth quarter of 2025 was 1.3950 versus 1.3990 in the same period of 2024. The average quarterly exchange rate of the British pound relative to the Canadian dollar moved from 1.7922 in the fourth quarter of 2024 to 1.8541 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar increased from 1.2813 in the fourth quarter of 2024 to 1.3292 in the current quarter. Had the foreign exchange rates remained at levels experienced in the fourth quarter of 2024, reported revenues in the fourth quarter of 2025 would have been higher by \$1.1 million.

Since the start of 2024, the Company has seen a general, but uneven, growth trend in quarterly revenues and net income.

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 (earnings before interest, income taxes and depreciation and amortization) and Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and non-operational items related to former sites) in this news release. In the fourth quarter of 2025, the Corporation recorded a provision related to a legal action that a subsidiary of the Corporation is involved in related to the environmental remediation of a former site. Due to the magnitude of the environmental remediation provision and the fact that the Corporation has never operated at this site during its corporate history, the Corporation has adjusted its definition of Adjusted EBITDA in the fourth quarter of 2025 to include "non-operational items related to former sites" and has restated its Adjusted EBITDA for the second and fourth quarters of 2024.

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 it provides 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 an alternative to net income as determined in accordance with IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Expressed in thousands of dollars				
Net income before interest and taxes	13,570	20,278	56,012	51,966
Add back:				
Depreciation and amortization	11,818	11,260	47,547	44,717
EBITDA	25,388	31,538	103,559	96,683
Add back:				
Non-operational items related to former sites	13,549	833	13,556	1,655
Adjusted EBITDA	38,937	32,371	117,115	98,338

Adjusted EBITDA in the fourth quarter of 2025 increased \$6.5 million or 20.3% to \$38.9 million in comparison to \$32.4 million in the same quarter of 2024 mainly as a result of gross margin improvements offset in part by higher administrative and general expenses and foreign exchange expense movements.

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.

In the fourth quarter of 2025, \$26.5 million of cash was provided by operations, \$22.5 million was used in investing activities and \$11.7 million was used in financing activities.

Cash Flow from Operations

	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Expressed in thousands of dollars				
Decrease (increase) in accounts receivable	2,407	12,854	(34,482)	8,141
Decrease (increase) in contract assets	3,130	(3,599)	22,621	(10,204)
Decrease (increase) in inventories	4,037	1,754	2,387	(12,753)
Decrease (increase) in prepaid expenses and other	9,187	1,091	(429)	(737)
Increase (decrease) in accounts payable, accrued liabilities and provisions	2,689	(1,628)	19,691	(11,048)
(Decrease) increase in contract liabilities	(16,078)	8,994	(16,334)	46,097
Changes in non-cash working capital balances	5,372	19,466	(6,546)	19,496
Cash provided by operating activities	26,486	46,273	78,597	99,287

For the three months ended December 31, 2025, the Corporation generated \$26.5 million from operating activities compared \$46.3 million generated in the fourth quarter of 2024. Changes in non-cash working capital items provided cash of \$5.4 million as compared to providing \$19.5 million in the same quarter of the prior year. The unfavourable quarter over quarter changes were largely attributable to decreases in accounts receivable from timing of customer payments and decreases in contract liabilities due to timing of collection of fund advances offset in part by decreases in contract assets due to timing of production and billing related to products transferred over time, decreases in prepaid expenses and other and increases in accounts payable, accrued liabilities and provisions due to timing of supplier payments and provisioning requirements.

Investing Activities

	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Expressed in thousands of dollars				
Purchase of property, plant and equipment	(21,565)	(13,738)	(50,987)	(36,096)
Proceeds from disposal of property, plant and equipment	23	—	23	47
(Increase) decrease in intangibles and other assets	(944)	1,468	(4,125)	948
Cash used in investing activities	(22,486)	(12,270)	(55,089)	(35,101)

Investing activities used \$22.5 million of cash for the fourth quarter of 2025 compared to \$12.3 million of cash used in the same quarter of the prior year, an increase of \$10.2 million primarily due to higher levels of investment in property, plant and equipment and increases in intangible asset spend and deposits recorded in other assets.

Financing Activities

	Three month period ended December 31		Twelve month period ended December 31	
	2025	2024	2025	2024
Expressed in thousands of dollars				
(Decrease) increase in bank indebtedness	(7,126)	(13,452)	3,551	(4,372)
Increase (decrease) in long-term debt	—	163	—	(720)
Lease liability payments	(1,739)	(1,683)	(6,650)	(6,076)
Increase (decrease) in borrowings subject to specific conditions, net	—	28	(1,391)	9
Increase (decrease) in long-term liabilities and provisions	37	(73)	(25)	(53)
Common share repurchases	(13)	—	(937)	(689)
Common share dividends	(2,853)	(1,429)	(9,993)	(5,715)
Cash used in provided by financing activities	(11,694)	(16,446)	(15,445)	(17,616)

Financing activities used \$11.7 million of cash in the fourth quarter of 2025 compared to \$16.4 million of cash usage in the same quarter of the prior year, a decrease of \$4.7 million. The decrease in cash usage was primarily driven by decreases in cash used for bank indebtedness offset in part by increases in common share dividends.

Financing Matters

On June 24, 2025, the Corporation extended its Bank Credit Facility Agreement (“2025 Credit Facility”) with a syndicate of lenders for an additional two-year period expiring on June 30, 2027. The 2025 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 adjusted term Canadian Overnight Repo Rate Average (“CORRA”) or adjusted term Secured Overnight Financing Rate (“SOFR”) rates plus a spread of 1.00%. The 2025 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.

Commitments

As at December 31, 2025, the Corporation had contractual commitments to purchase \$27.1 million of capital assets.

Contingencies

In the fourth quarter of 2025, the Corporation recorded a provision for a legal action that a subsidiary of the Corporation is involved in related to the environmental remediation of a former operating site in Torrance, California. Refer to note 34 of the Corporation’s consolidated financial statements for the year-ended December 31, 2025 for more information.

Dividends

For the year ended December 31, 2025, the Corporation paid dividends on its common shares of \$10.0 million. Quarterly dividend payments in 2025 were \$0.025 per share on March 31, 2025 and \$0.05 per share on each of June 30, 2025, September 29, 2025 and December 31, 2025.

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

Subsequent to December 31, 2025, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of \$0.05 per common share. The dividend will be payable on March 31, 2026 to shareholders of record at the close of business on March 17, 2026. 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 June 11, 2025, the Corporation extended its previous normal course issuer bid ("2025 NCIB"). The 2025 NCIB allows the Corporation to purchase up to 2,856,929 common shares, over a 12-month period commencing June 13, 2025, and ending June 12, 2026.

During the year ended December 31, 2025, 59,926 shares were purchased for cancellation for \$0.9 million at a volume weighted average price paid of \$15.63 per common share. During the year ended December 31, 2024, 92,217 shares were purchased for cancellation for \$0.7 million at a volume weighted average price paid of \$7.47 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 23, 2026, 57,079,054 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 forward exchange contracts (forwards and / or collars), the Corporation is obligated to purchase specified amounts of currency – generally either United States dollars ("USD") or British Pounds ("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. These contracts are designated as cash flow hedges.

As at December 31, 2025, the Corporation no longer has any foreign exchange collar or USD foreign exchange forward contracts remaining and it holds foreign exchange forward contracts of GBP 23.5 million, at exchange rates of \$1.8433 Canadian dollars, with a derivative liability carrying value of \$0.2 million which is included in Accounts payable, accrued liabilities and provisions on the balance sheet.

For the twelve months ended December 31, 2025, a gain of \$1.4 million, net of taxes of \$0.5 million, was recorded in other comprehensive income as mark-to-market adjustments for the foreign exchange collar and forward contracts discussed above.

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, 2025, 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, 2025 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2025, which have been filed with SEDAR+ at www.sedarplus.ca.

9. Outlook

The outlook for Magellan's business in 2026

Commercial Aerospace Market

Supply chain recovery in the commercial aircraft manufacturing market continues. Deliveries achieved by both Airbus and Boeing in the fourth quarter were strong. The industry outlook continues to be cautiously optimistic based on aircraft deliveries from Airbus and Boeing at year end, and their projections into 2026. Global supply chain vulnerabilities tied to raw materials and skilled labor shortages remain a concern. The impact of unpredictable U.S. tariff policies continue to threaten supply chain stabilization through increased materials and production costs, and logistics delays.

The following data on commercial aircraft backlog, orders and delivery is extracted from Forecast International's ("FI") Flight Plan publications dated February 17, 2026 and verified with Airbus and Boeing official fourth quarter delivery announcements.

Boeing and Airbus both closed 2025 with significant order backlogs. Airbus posted a backlog of over 8,700 aircraft (excluding the A320ceo) with the majority of the backlog consisting of the A320neo (7,157 aircraft) and the A220 (467 aircraft). Boeing posted a backlog of over 6,700 aircraft with the majority of the backlog being the 737 MAX (4,867 aircraft).

In 2025, Airbus received gross orders of 1,000 aircraft and made deliveries of 793 aircraft. Deliveries in December 2025 totaled 136 aircraft, 114 of which were narrow-bodies.

In 2025, Boeing received gross orders of 1,167 aircraft and made deliveries of 600 aircraft. In December 2025, Boeing booked 165 new aircraft orders, 130 of which were 737 MAX, and delivered 63 aircraft, 44 of which were 737 MAX.

Defence Aerospace Market

In the defence market, the outlook remains strong with demand continuing to provide manufacturers with secure order books. Rising geopolitical tensions have brought considerable attention to defence readiness and has therefore prompted countries to increase their defence spending. The global imperative for defence fleet modernization continues to fuel strong demand for new aircraft.

The defence market is positioned for sustained growth into 2026 and beyond in response to rising threat perceptions and geopolitical tensions. On January 29, 2026 National Defense reported in an article that global defence spending hit USD \$2.4 trillion in 2025 and is expected to reach USD \$2.6 trillion by the end of 2026, and USD \$2.9 trillion by the end of the decade, based on an analysis done by FI analysts.

Overall Aerospace Market Outlook Conclusion

The overall positive outlook for the commercial and defense aerospace markets is tempered by a common challenge. Issues with raw materials and skilled labor shortages applies equally for both the commercial and defense sector.

Entering 2026, the industry outlook remains one of caution, in spite of all the demand related tailwinds. Recent military events in the Middle East have the potential to disrupt the aerospace industry through significant airspace closures and flight cancellations. It remains to be seen how much these events will continue to affect the industry, and the global economy, especially if the conflict is prolonged.

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 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	
	2025	2024	2025	2024
Revenues	278,325	240,704	1,044,682	942,368
Cost of revenues	233,154	208,278	899,877	834,479
Gross profit	45,171	32,426	144,805	107,889
Administrative and general expenses	16,100	14,178	65,463	56,935
Other expense (income)	15,501	(2,030)	23,330	(1,012)
Income before interest and income taxes	13,570	20,278	56,012	51,966
Interest expense	563	860	1,906	4,180
Income before income taxes	13,007	19,418	54,106	47,786
Income tax expense (recovery):				
Current	4,737	5,073	19,895	16,665
Deferred	(2,308)	(1,539)	(5,228)	(4,365)
Net income	10,578	15,884	39,439	35,486
Other comprehensive income (loss):				
Other comprehensive income (loss) that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	(7,087)	17,556	(7,319)	32,678
Unrealized (loss) gain on foreign exchange hedges, net of tax	(157)	(852)	1,424	(579)
Items not to be reclassified to profit and loss				
In subsequent periods:				
Actuarial (loss) income on defined benefit plans, net of tax	(347)	3,247	399	4,219
Comprehensive income	2,987	35,835	33,943	71,804
Net income per share				
Basic and diluted	0.19	0.28	0.69	0.62

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	December 31 2025	December 31 2024
Current assets		
Cash	64,047	56,437
Trade and other receivables	241,891	208,430
Contract assets	58,082	82,416
Inventories	278,769	284,082
Prepaid expenses and other	12,174	11,733
	654,963	643,098
Non-current assets		
Property, plant and equipment	386,026	377,563
Right-of-use assets	34,491	35,817
Investment properties	6,786	6,839
Intangible assets	35,710	36,248
Goodwill	23,507	23,948
Other assets	14,311	14,102
Deferred tax assets	10,032	8,639
	510,863	503,156
Total assets	1,165,826	1,146,254
Current liabilities		
Bank indebtedness	23,850	19,857
Accounts payable, accrued liabilities and provisions	157,005	139,921
Contract liabilities	46,095	67,220
Debt due within one year	11,216	10,742
	238,166	237,740
Non-current liabilities		
Lease liabilities	29,631	31,613
Borrowings subject to specific conditions	23,911	24,213
Other long-term liabilities and provisions	17,324	13,840
Deferred tax liabilities	30,964	36,031
	101,830	105,697
Equity		
Share capital	249,500	249,762
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	509,808	480,638
Accumulated other comprehensive income	47,536	53,431
Equity attributable to equity holders of the Corporation	822,453	799,440
Non-controlling interest	3,377	3,377
Total liabilities and equity	1,165,826	1,146,254

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	
	2025	2024	2025	2024
Cash flow from operating activities				
Net income	10,578	15,884	39,439	35,486
Amortization / depreciation of intangible assets, right-of-use assets and property, plant and equipment	11,818	11,260	47,547	44,717
Loss (gain) on disposal of property, plant and equipment	104	(10)	106	218
Increase in defined benefit plans	340	820	1,451	2,255
Accretion of financial liabilities	668	634	2,568	2,347
Deferred taxes	(2,309)	(1,537)	(5,228)	(4,365)
Income on investments in joint venture	(466)	(324)	(1,121)	(908)
Other	381	80	381	41
Changes to non-cash working capital	5,372	19,466	(6,546)	19,496
Net cash provided by operating activities	26,486	46,273	78,597	99,287
Cash flow from investing activities				
Purchase of property, plant and equipment	(21,565)	(13,738)	(50,987)	(36,096)
Proceeds from disposal of property, plant and equipment	23	—	23	47
(Increase) decrease in intangible and other assets	(944)	1,468	(4,125)	948
Net cash used in investing activities	(22,486)	(12,270)	(55,089)	(35,101)
Cash flow from financing activities				
(Decrease) increase in bank indebtedness	(7,126)	(13,452)	3,551	(4,372)
Increase (decrease) in debt	—	163	—	(720)
Lease liability payments	(1,739)	(1,683)	(6,650)	(6,076)
Increase (decrease) in borrowings subject to specific conditions	—	28	(1,391)	9
Increase (decrease) in long-term liabilities and provisions	37	(73)	(25)	(53)
Common share repurchases	(13)	—	(937)	(689)
Common share dividends	(2,853)	(1,429)	(9,993)	(5,715)
Net cash used in financing activities	(11,694)	(16,446)	(15,445)	(17,616)
(Decrease) increase in cash during the period	(7,694)	17,557	8,063	46,570
Cash at beginning of the period	71,996	37,912	56,437	8,709
Effect of exchange rate differences	(255)	968	(453)	1,158
Cash at end of the period	64,047	56,437	64,047	56,437