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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 4, 2023 – Magellan Aerospace Corporation (“Magellan” or the “Corporation”) released its financial results for the first quarter of 2023. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended March 31		
	2023	2022	Change
Expressed in thousands of Canadian dollars, except per share amounts			
Revenues	223,376	187,709	19.0%
Gross Profit	22,262	10,910	104.1%
Net Income (Loss)	3,860	(2,025)	290.6%
Net Income (Loss) per Share	0.07	(0.04)	275.0%
Adjusted EBITDA	18,576	11,476	61.9%
Adjusted EBITDA per Share	0.32	0.20	60.0%

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 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.

Impact of COVID-19 and the Russia-Ukraine War

The COVID-19 pandemic and its variants continued to disrupt global health and impact economic conditions. Though global air travel has seen signs of recovery, Magellan's financial results and operations continued to be impacted by the COVID-19 pandemic by way of production schedule changes, either by its customers' build rate adjustments or due to broader government directives which resulted in the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. While governments have eased some COVID-19 restrictions, the reopening of businesses and economies in certain countries is creating a variety of new challenges, including, for example, higher prices for goods and services, limited availability of products, disruptions to supply chains and labour shortages. Magellan continues to monitor ongoing developments and attempts to mitigate the risks related to the COVID-19 pandemic and the impact on Magellan's operations, supply chain, and most importantly the health and safety of its employees.

The ongoing invasion of Ukraine by Russia continued to disrupt supply chains and cause instability in the global economy. The extent and potential magnitude of economic impacts on the aerospace industry remains uncertain.

Business Update

On January 10, 2023, Magellan released a statement applauding the Government of Canada's announcement that it had reached a final agreement to acquire 88 F-35 fighter jets for the Royal Canadian Air Force. By selecting the F-35, Canada is continuing a relationship that was established between the original partnering nations for the development of the F-35. The announcement secures significant benefits to the Canadian aerospace industry. To date, Canadian companies have been awarded high value contracts as part of the F-35 global supply chain amounting to USD \$2.7 billion as a result of Canada's partnership in the F-35 program. The Canadian economy is anticipated to benefit by more than \$16.9 billion over the life of the program.

On March 6, 2023, Magellan announced the signing of a significant long-term agreement ("LTA") extension with Collins Aerospace ("Collins"), a Raytheon Technologies business, to manufacture complex magnesium and aluminum castings for various military and commercial aerospace platforms. The castings will be produced by Magellan's facilities in Haley, Ontario and Glendale, Arizona. The extension of this LTA with Collins renews the framework for strategic alignment with Magellan; in addition to F-15, F-16, and F-18 castings for Collins legacy programs, the agreement also encompasses the supply of castings to support F-35 Lightning II, KC-46, A320neo, 787 and 777X programs.

On March 10, 2023, Magellan announced a contract with the Government of Canada to design, build, launch, and operate the Redwing microsatellite. Directed by the Department of National Defence's science and technology organization, Defence Research and Development Canada ("DRDC"), the \$15.8 million Redwing contract represents the next generation of spacecraft technology for space domain awareness technology demonstration. When launched in 2026, Redwing will perform space object tracking to characterize an increasingly congested orbital environment, observe higher detail on space objects, and provide near real-time tasking to respond to evolving space events.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2022 Annual Report available on www.sedar.com.

2. Results of Operations

A discussion of Magellan's operating results for the first quarter ended March 31, 2023

The Corporation reported revenue in the first quarter of 2023 of \$223.4 million, a \$35.7 million increase from the first quarter of 2022 revenue of \$187.7 million. Gross profit and net income for the first quarter of 2023 were \$22.3 million and \$3.9 million, respectively, in comparison to gross profit of \$10.9 million and net loss of \$2.0 million for the first quarter of 2022.

Consolidated Revenue

Expressed in thousands of dollars	Three month period ended March 31		
	2023	2022	Change
Canada	98,106	84,794	15.7%
United States	56,434	44,934	25.6%
Europe	68,836	57,981	18.7%
Total revenues	223,376	187,709	19.0%

Revenues in Canada increased 15.7% in the first quarter of 2023 compared to the corresponding period in 2022, primarily due to increased volumes for proprietary products and casting products to support growth in the single aisle aircraft programs.

Revenues in the United States increased by 25.6% in the first quarter of 2023 compared to the first quarter of 2022, mainly due to increased volume for single aisle aircraft as Boeing continued to ramp up production for 737 MAX, price increases and favourable foreign exchange impacts as the United States dollar strengthened relative to the Canadian dollar. On a currency neutral basis, revenues in the United States increased 17.5% in the first quarter of 2023 over the same period in 2022.

European revenues in the first quarter of 2023 increased 18.7% compared to the corresponding period in 2022 primarily driven by volume increases for single aisle aircraft, and favourable foreign exchange impacts as the United States dollar strengthened relative to the British pound.

Gross Profit

Expressed in thousands of dollars	Three month period ended March 31		
	2023	2022	Change
Gross profit	22,262	10,910	104.1%
Percentage of revenues	10.0%	5.8%	

Gross profit of \$22.3 million for the first quarter of 2023 was \$11.4 million higher than the \$10.9 million gross profit for the first quarter of 2022, and gross profit as a percentage of revenues of 10.0% for the first quarter of 2023 increased from 5.8% recorded in the same period in 2022. The gross profit in the current quarter increased from the same quarter in the prior year as a result of volume and price increases on certain programs, favourable product mix, and benefits from the restructuring efforts undertaken in the prior year, offset in part by supply chain disruptions and material price increases.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended March 31		
	2023	2022	Change
Administrative and general expenses	14,347	12,814	12.0%
Percentage of revenues	6.4%	6.8%	

Administrative and general expenses as a percentage of revenues of 6.4% for the first quarter of 2023 were higher on a nominal basis than the same period of 2022. Administrative and general expenses increased \$1.5 million or 12.0% to \$14.3 million in the first quarter of 2023 compared to \$12.8 million in the first quarter of 2022 mainly due to increases in salary and related expenses due to inflation and headcount changes and travel related expenses.



Restructuring

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Restructuring	244	65

Restructuring is primarily related to ongoing costs associated with the closure of the Bournemouth facility and dismantling its former manufacturing operations.

Other

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Foreign exchange loss (gain)	1,222	(1,128)
Gain on disposal of property, plant and equipment	(19)	(121)
Total other	1,203	(1,249)

Other for the first quarter of 2023 included a \$1.2 million foreign exchange loss compared to a \$1.1 million foreign exchange gain in the first 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.

Interest Expense

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Interest on bank indebtedness and long-term debt	173	89
Accretion charge on long-term debt and borrowings	226	159
Accretion charge for lease liabilities	407	430
Discount on sale of accounts receivable	-	21
Total interest expense	806	699

Total interest expense of \$0.8 million in the first quarter of 2023 increased \$0.1 million compared to the first quarter of 2022 mainly due to higher interest on bank indebtedness and long-term debt as a result of increased interest rates in the quarter as compared to the prior year.

Provision for Income Taxes

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Current income tax expense	4,433	1,847
Deferred income tax recovery	(2,631)	(1,241)
Total income tax expense	1,802	606
Effective tax rate	31.8%	(42.7%)

Income tax expense for the three months ended March 31, 2023 was \$1.8 million, representing an effective income tax rate of 31.8% compared to negative 42.7% for the same period of 2022. The change in effective tax rate and current and deferred income tax expenses year over year was primarily due to the change in mix of income across the different jurisdictions in which the Corporation operates, the reversal of temporary differences and the Corporation no longer recognizing deferred tax assets for operating losses incurred by its United Kingdom subsidiary.

3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

Expressed in millions of dollars, except per share amounts	2023				2022				2021
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
Revenues	223.4	193.1	191.1	192.7	187.7	178.0	166.4	167.6	
Income (loss) before taxes	5.7	(20.9)	2.5	1.2	(1.4)	(6.2)	1.3	1.6	
Net income (loss)	3.9	(20.8)	0.6	0.5	(2.0)	(5.8)	0.5	1.1	
Net income (loss) per share									
Basic and diluted	0.07	(0.36)	0.01	0.01	(0.04)	(0.10)	0.01	0.02	
EBITDA ¹	18.3	(8.5)	14.7	14.0	11.4	6.5	16.1	14.9	
Adjusted EBITDA ¹	18.6	(4.8)	14.8	14.0	11.5	7.3	16.7	15.6	

¹ EBITDA and Adjusted EBITDA are not IFRS financial measures. Please see Section 4 the "Reconciliation of Net Income to EBITDA and Adjusted EBITDA" 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 1.3580 in the fourth quarter of 2022 and a low of 1.2280 in the second quarter of 2021. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.7367 in the third quarter of 2021 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 1.3974 in the second quarter of 2021 and hit a low of 1.1649 in the third quarter of 2022.

Revenue for the first quarter of 2023 of \$223.4 million was higher than that in the first quarter of 2022. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the first quarter of 2023 was 1.3518 versus 1.2663 in the same period of 2022. The average quarterly exchange rate of the British pound relative to the Canadian dollar moved from 1.6995 in the first quarter of 2022 to 1.6429 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar decreased from 1.3419 in the first quarter of 2022 to 1.2154 in the current quarter. Had the foreign exchange rates remained at levels experienced in the first quarter of 2022, reported revenues in the first quarter of 2023 would have been lower by \$8.4 million.

The Corporation's results have been negatively impacted by the continued effects of the COVID-19 pandemic via reduced volumes and supply chain disruptions. In addition, continued high inflation on material, supplies, utilities and labour has impacted the results. Since the third quarter of 2021, the Corporation began to see modest sequential growth in revenue as global domestic air travel continues to recover to pre COVID-19 levels.

In response to COVID-19, the Corporation applied and recognized the CEWS subsidy of \$3.9 million and \$3.8 million in the second and fourth quarters of 2021, and reduced the expense that the subsidy offsets (none in 2022 or 2023). In the fourth quarter of 2022, the Corporation continued the restructuring efforts in Europe of a plan initiated in 2020 to lower its production cost base and recognized a \$2.8 million restructuring charge, including a \$1.8 million impairment loss related to assets made obsolete as a result of the plan.

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 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 March 31	
Expressed in thousands of dollars	2023	2022
Net income (loss)	3,860	(2,025)
Interest	806	699
Taxes	1,802	606
Depreciation and amortization	11,864	12,131
EBITDA	18,332	11,411
Add back:		
Restructuring	244	65
Adjusted EBITDA	18,576	11,476

Adjusted EBITDA in the first quarter of 2023 increased \$7.1 million or 61.9% to \$18.6 million in comparison to \$11.5 million in the same quarter of 2022 mainly as a result of higher net income driven largely by volume and price increases and favourable product mix, higher interest and taxes, and lower depreciation and amortization 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 March 31	
Expressed in thousands of dollars	2023	2022
Increase in trade receivables	(29,213)	(13,421)
Increase in contract assets	(3,821)	(2,066)
Increase in inventories	(11,999)	(6,331)
(Increase) decrease in prepaid expenses and other	(285)	225
Increase in accounts payable, accrued liabilities and provisions	17,312	12,499
Decrease in contract liabilities	(4,189)	—
Changes to non-cash working capital balances	(32,195)	(9,094)
Cash used in operating activities	(18,367)	(48)

For the three months ended March 31, 2023, the Corporation used \$18.4 million from operating activities, compared to \$48 thousand used in the first quarter of 2022. Changes in non-cash working capital items used cash of \$32.2 million, \$23.1 million higher when compared to the usage of \$9.1 million in the prior year largely attributable to increases in accounts receivables from higher revenues and timing of customer payments, increases in contract assets due to timing of production and billing related to products transferred over time, increases in inventories due to timing of production and shipment, and material purchases offset in part by increases in accounts payable, accrued liabilities and provisions primarily driven by timing of material purchases and supplier payments.



Investing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Purchase of property, plant and equipment	(3,563)	(4,356)
Proceeds of disposal of property plant and equipment	166	262
Increase in intangible and other assets	(662)	(874)
Cash used in investing activities	(4,059)	(4,968)

Investing activities used \$4.1 million cash for the first quarter of 2023 compared to \$5.0 million cash used in the same quarter of the prior year, a decrease of \$0.9 million primarily due to lower levels of investment in property, plant and equipment.

Financing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	2023	2022
Decrease in long-term debt	(540)	(420)
Lease liability payments	(1,386)	(1,465)
Decrease in borrowings subject to specific conditions, net	(1,323)	(1,327)
Decrease in long-term liabilities and provisions	—	(233)
Common share repurchases	(208)	—
Common share dividends	(1,436)	(6,061)
Cash used in financing activities	(4,893)	(9,506)

On June 30, 2021, the Corporation extended its Bank Credit Facility Agreement (“Agreement”) with a syndicate of lenders for an additional two-year period expiring on June 30, 2023. The Agreement provides for a multi-currency global operating credit facility to be available to Magellan in a maximum aggregate amount of \$75 million. The Agreement 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. At March 31, 2023, there were no drawings under the Agreement.

Financing activities used \$4.9 million in the first quarter of 2023 mainly for the payment of common share dividends, lease liability payments and decreases in borrowings subject to specific conditions.

As at March 31, 2023, the Corporation had contractual commitments to purchase \$4.9 million of capital assets.

Dividends

During the first quarter of 2023, the Corporation declared and paid a quarterly cash dividend of \$0.025 per common share representing an aggregating dividend payment of \$1.4 million.

Subsequent to March 31, 2023, 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 June 30, 2023 to shareholders of record at the close of business on June 16, 2023. The Board of Directors of the Corporation continues to review its dividends on a quarterly basis for more visibility of recovery, and 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’s application to commence a normal course issuer bid (“2022 NCIB”) was re-approved, which allowed the Corporation to purchase up to 2,886,455 common shares, over a 12-month period commencing May 27, 2022 and ending May 26, 2023. During the first quarter of 2023, the Corporation purchased 29,700 common shares for cancellation. In aggregate, up to the end of March 31, 2023, the Company has purchased 312,672 common shares for cancellation under the 2022 NCIB program.

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 May 2, 2023, 57,416,434 common shares were outstanding and no preference shares were outstanding.

6. 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, 2022 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2022, which have been filed with SEDAR at www.sedar.com.

7. Outlook

The outlook for Magellan's business in 2023

During the first quarter of 2023, total combined aircraft deliveries by Boeing and Airbus were ahead of those for the same period in 2022. Boeing delivered 130 aircraft and Airbus delivered 127 aircraft, compared to 95 aircraft and 142 aircraft, respectively.

By the end of Q1 2023, Boeing was on track to achieve their goal of delivering 400 to 450 aircraft in 2023. However, in April Boeing announced that it had to pause deliveries of 737 MAX and P-8 surveillance aircraft due to the discovery of a new quality problem. All models of 737 MAX except for MAX 9's are impacted. Boeing's CEO stated that the issue is not a safety-of-flight concern, but is expected to delay deliveries of 45 to 50 MAX aircraft. Despite this, Boeing currently intends to support the planned 737 MAX production ramp-up to 38 aircraft per month in June and 42 aircraft per month in January 2024.

Boeing restarted deliveries of its 787 aircraft in March 2023. Their delivery target for the year is 70 to 80 aircraft. With a sustained demand for 10 aircraft per month, Boeing will increase the rate from the current 3 aircraft per month to reach the target by March 2025. They are working through final testing on their 777X program with 25 aircraft built to date and plans for a production start later this year. The first delivery is expected mid-2025. Meanwhile they are building the 777F's at 3 aircraft per month.

Airbus' first quarter deliveries were below those in Q1 2022, which is causing some concern in the industry that the annual target of 720 aircraft will be challenging. The A320 build rate reached 48 aircraft per month in 2022 and is forecast to reach 65 aircraft per month late in 2024 and 75 aircraft per month in 2026. A350 rates are forecast to go from 6 aircraft per month to 9 aircraft per month by the end of 2025, while A330 is forecast to go from 3 to 4 aircraft per month in 2024. The A220 is currently being produced at 6 aircraft per month with 9 aircraft per month forecast in 2025.

As a final comment on the commercial market, recent order activity for wide body aircraft is offering new hope that this segment may be beginning to rebound. Across the entire market, both single aisle and wide body, confidence is building as the air travel industry continues its recovery and aircraft manufacturers work through supply chain issues that have been impeding the ramp up of build rates.

The potential for defence market growth appears relatively certain. In the face of emerging threats to security, nations are solidifying modernization plans and considering strategies to advance procurement of equipment and munitions. Gap assessments of defence readiness help to highlight opportunities to strengthen a country's defence systems. As an example, Canada is investing in the modernization of North American Defense Command ("NORAD") to strengthen Canada's and North America's defensive capabilities. The current environment is also reportedly having a positive impact on the largest defence program which is the F-35 fighter program. There have been over 900 aircraft delivered to date against 3,000 plus planned in the program of record. Lockheed plans to deliver 153 aircraft in 2023 and reach a steady-state delivery rate of 156 aircraft annually from 2024 onwards.

One other specific program note, is that in February Boeing announced it will end production of its F/A-18E/F Super Hornet fighter in 2025, after approximately 30 years since the first flight. This was an inevitable decision as next generation fighters begin to take the F/A-18's place within modernized fleets.

Finally, as defence requirements increase in parallel with the commercial aerospace ramp up, there are competing demands for what is currently a constrained supply chain, which experts continue to predict will be resolved by 2024.



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.sedar.com.

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 (LOSS)

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended March 31	
	2023	2022
Revenues	223,376	187,709
Cost of revenues	201,114	176,799
Gross profit	22,262	10,910
Administrative and general expenses	14,347	12,814
Restructuring	244	65
Other	1,203	(1,249)
Income (loss) before interest and income taxes	6,468	(720)
Interest	806	699
Income (loss) before income taxes	5,662	(1,419)
Income taxes		
Current	4,433	1,847
Deferred	(2,631)	(1,241)
Net income (loss)	3,860	(2,025)
Other comprehensive income (loss)		
Other comprehensive income (loss) that may be reclassified to profit and loss in subsequent periods:		
Foreign currency translation	3,434	(12,684)
Unrealized gain on foreign currency contract hedges	768	—
Items not to be reclassified to profit and loss in subsequent periods:		
Actuarial income (loss) on defined benefit pension plans, net of taxes	175	(264)
Comprehensive income (loss)	8,237	(14,973)
Net income (loss) per share		
Basic and diluted	0.07	(0.04)

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	March 31 2023	December 31 2022
Current assets		
Cash	13,807	40,940
Trade and other receivables	199,373	169,562
Contract assets	69,378	65,456
Inventories	240,016	226,359
Prepaid expenses and other	10,378	9,967
	532,952	512,284
Non-current assets		
Property, plant and equipment	375,957	384,084
Right-of-use assets	29,902	30,825
Investment properties	7,048	1,621
Intangible assets	40,643	41,423
Goodwill	22,395	22,181
Other assets	9,646	9,745
Deferred tax assets	9,604	8,731
	495,195	498,610
Total assets	1,028,147	1,010,894
Current liabilities		
Accounts payable, accrued liabilities and provisions	154,767	135,153
Contract liabilities	31,989	36,096
Debt due within one year	10,207	10,310
	196,963	181,559
Non-current liabilities		
Long-term debt	122	634
Lease liabilities	26,945	27,761
Borrowings subject to specific conditions	22,211	23,300
Other long-term liabilities and provisions	6,748	7,203
Deferred tax liabilities	36,835	38,707
	92,861	97,605
Equity		
Share capital	250,981	251,104
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	445,493	442,979
Accumulated other comprehensive income	22,863	18,661
Equity attributable to equity holders of the Corporation	734,946	728,353
Non-controlling interest	3,377	3,377
	738,323	731,730
Total liabilities and equity	1,028,147	1,010,894

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended March 31	
	2023	2022
Cash flow from operating activities		
Net income (loss)	3,860	(2,025)
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	11,864	12,131
Gain on disposal of property, plant and equipment	(19)	(121)
Increase (decrease) in defined benefit plans	489	(309)
Accretion of financial liabilities	633	587
Deferred taxes	(2,981)	(1,173)
Income on investments in joint ventures	(18)	(44)
Changes to non-cash working capital	(32,195)	(9,094)
Net cash used in operating activities	(18,367)	(48)
Cash flow from investing activities		
Purchase of property, plant and equipment	(3,563)	(4,356)
Proceeds from disposal of property, plant and equipment	166	262
Increase in intangible and other assets	(662)	(874)
Net cash used in investing activities	(4,059)	(4,968)
Cash flow from financing activities		
Decrease in debt	(540)	(420)
Lease liability payments	(1,386)	(1,465)
Decrease in borrowings subject to specific conditions, net	(1,323)	(1,327)
Decrease in long-term liabilities and provisions	—	(233)
Common share repurchases	(208)	—
Common share dividends	(1,436)	(6,061)
Net cash used in financing activities	(4,893)	(9,506)
Decrease in cash during the period	(27,319)	(14,522)
Cash at beginning of the period	40,940	32,482
Effect of exchange rate differences	186	90
Cash at end of the period	13,807	18,050