FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – August 12, 2026 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the second quarter of 2026. 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	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Revenue	**305,582**	249,793	22.3%	**590,684**	510,691	15.7%
Gross Profit	**47,141**	33,282	41.6%	**87,754**	67,014	30.9%
Net Income	**19,832**	5,365	269.7%	**36,307**	16,192	124.2%
Net Income per Share	**0.35**	0.09	288.9%	**0.64**	0.28	128.6%
Adjusted EBITDA	**42,980**	21,134	103.4%	**79,913**	48,417	65.1%
Adjusted EBITDA per Share	**0.75**	0.37	102.7%	**1.40**	0.85	64.7%

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 (defined as net income before interest, income taxes, depreciation and amortization, and non-operational items related to former sites of subsidiary companies) which the Corporation considers to be indicative measures of operating performance and metrics to evaluate profitability. EBITDA and Adjusted EBITDA are not generally accepted earnings measures and should not be considered as an alternative to net income 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.

MAGELLAN AEROSPACE

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.

In the first six months of 2026, 66.4% of revenues were derived from commercial markets while 33.6% of revenues related to defence markets.

Business Update

On June 11, 2026, Magellan renewed its normal course issuer bid ("2026 NCIB") which allows the Corporation to purchase for cancellation up to 2,853,953 of its common shares during the 12-month period commencing June 15, 2026 and ending June 14, 2027, through facilities of the Toronto Stock Exchange ("TSX") or other alternative Canadian trading systems.

On July 20, 2026, Magellan announced that it was awarded a contract from the Government of Canada to produce the M-72 Light Anti-Tank Weapon under Canada's Munitions Supply Program. The contract represents an important investment in Canada's sovereign defence industrial capability and will strengthen the nation's ability to manufacture and sustain critical munitions for the Canadian Armed Forces.

On July 22, 2026, Magellan announced a strategic Memorandum of Understanding ("MOU") with GE Canada to establish a Canadian Maintenance, Repair, and Overhaul ("MRO") capability for the F414-GE-39E engine that powers the Saab JAS 39 Gripen E ("Saab Gripen") aircraft, should the Government of Canada proceed with the acquisition of the Saab Gripen aircraft as part of the future Royal Canadian Air Force ("RCAF") fighter fleet. Under the MOU, Magellan would serve as Canada's domestic centre of excellence for engine sustainment, delivering comprehensive MRO services to support the operational readiness, availability, and long-term performance of the RCAF fleet.

On July 22, 2026, a subsidiary of the Corporation, Magellan Aerospace, Middletown, Inc. ("Middletown") filed for voluntary Chapter 11 relief in the U.S Bankruptcy Court for the Southern District of Ohio. Refer to the "Chapter 11 Proceedings" section under Liquidity and Capital Resources for more information.

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 second quarter ended June 30, 2026

The Corporation reported revenue in the second quarter of 2026 of $305.6 million, a $55.8 million increase from the second quarter of 2025 revenue of $249.8 million. Gross profit and net income for the second quarter of 2026 were $47.1 million and $19.8 million, respectively, in comparison to gross profit of $33.3 million and net income of $5.4 million for the second quarter of 2025.

Consolidated Revenue

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2026**	2025	Change	**2026**	2025	Change
Canada	**115,846**	101,397	14.2 %	**224,034**	206,772	8.3 %
United States	**94,974**	71,752	32.4 %	**174,848**	146,785	19.1 %
Europe	**94,762**	76,644	23.6 %	**191,802**	157,134	22.1%
Total revenues	**305,582**	249,793	22.3 %	**590,684**	510,691	15.7 %

Revenue in Canada increased 14.2% in the second quarter of 2026 compared to the corresponding period in 2025, mainly due to higher casting product and engine part revenues.

Revenue in the United States increased by 32.4% in the second quarter of 2026 compared to the second quarter of 2025, mainly due to higher casting and narrow body and wide body aircraft part revenues offset in part by lower engine shaft revenues.

European revenue in the second quarter of 2026 increased 23.6% compared to the corresponding period in 2025 primarily driven by higher revenues for narrow body and wide body aircraft parts, higher MRO revenues and favourable foreign exchange impacts due to the strengthening of the British Pound relative to the Canadian dollar.

Gross Profit

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2026**	2025	Change	**2026**	2025	Change
Gross profit	**47,141**	33,282	41.6%	**87,754**	67,014	30.9%
Percentage of revenues	**15.4%**	13.3%		**14.9%**	13.1%	

Gross profit of $47.1 million for the second quarter of 2026 was $13.8 million higher than the $33.3 million gross profit for the second quarter of 2025, and gross profit as a percentage of revenues of 15.4% for the second quarter of 2026 increased from 13.3% recorded in the same period in 2025. The gross profit in the current quarter increased from the same quarter in the prior year as a result of volume and price increases and favourable product mix, offset in part by price increases on purchased materials and supplies.

Administrative and General Expenses

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2026**	2025	Change	**2026**	2025	Change
Administrative and general expenses	**18,754**	17,743	5.7%	**36,131**	32,972	9.6%
Percentage of revenues	**6.1%**	7.1%		**6.1%**	6.5%	

Administrative and general expenses as a percentage of revenues was 6.1% for the second quarter of 2026, lower than the same period of 2025 percentage of revenues of 7.1%. Administrative and general expenses increased $1.1 million or 5.7% to $18.8 million in the second quarter of 2026 compared to $17.7 million in the second quarter of 2025 mainly due to higher salary and benefit costs, including long-term bonus incentive costs offset in part by decreased information technology spending and lower redundancy charges.

Other

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2026**	2025	**2026**	2025
Foreign exchange (gain) loss	**(2,297)**	6,346	**(4,491)**	9,279
(Gain) loss on disposal of property, plant and equipment	**(89)**	2	**152**	2
Other	**3,792**	—	**6,947**	—
Total Other expense	**1,406**	6,348	**2,608**	9,281

Other expense for the second quarter of 2026 included a $2.3 million foreign exchange gain compared to a $6.3 million foreign exchange loss in the second quarter of the prior year. The movements in balances denominated in foreign currencies and the significant fluctuations of certain foreign exchange rates impact the net foreign exchange gain or loss recorded in a quarter.

Other expense in the second quarter of 2026 also included $3.8 million of costs mainly related to legal defence and environmental program spending relating to environmental claims and orders for former sites of Middletown. Refer to the "Legal Proceedings and Environmental Orders" and "Chapter 11 Proceedings" section under Liquidity and Capital Resources for more information.

Interest Expense

Expressed in thousands of dollars	Three month period ended June 30		Six month period ended June 30	
	2026	2025	**2026**	2025
Interest expense (income) on cash, bank indebtedness and long-term debt	**115**	(204)	**51**	(347)
Accretion charge on long-term debt and borrowings	**274**	178	**472**	385
Accretion charge for lease liabilities	**428**	441	**869**	896
Discount on sale of accounts receivable	**58**	63	**117**	120
Total Interest expense	**875**	478	**1,509**	1,054

Total interest expense of $0.9 million in the second quarter of 2026 increased by $0.4 million compared to the second quarter of 2025, mainly due to lower net interest on cash, bank indebtedness and long-term debt as a result of lower average cash balances and higher average bank indebtedness balances in the current quarter as compared to the prior year.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended June 30		Six month period ended June 30	
	2026	2025	**2026**	2025
Current income tax expense	**7,684**	5,313	**13,602**	10,821
Deferred income tax recovery	**(1,410)**	(1,965)	**(2,403)**	(3,306)
Income tax expense	**6,274**	3,348	**11,199**	7,515
Effective tax rate	**24.0%**	38.4%	**23.6%**	31.7%

Income tax expense for the three months ended June 30, 2026 was $6.3 million, representing an effective income tax rate of 24.0% compared to 38.4% for the same period of 2025. 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

	2026		2025				2024	
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
Revenues	**305.6**	285.1	278.3	255.7	249.8	260.9	240.7	223.5
Income before taxes	**26.1**	21.4	13.0	17.4	8.7	15.0	19.4	9.3
Net income	**19.8**	16.5	10.5	12.7	5.4	10.8	15.9	5.8
Net income per share								
Basic and diluted	**0.35**	0.29	0.19	0.22	0.09	0.19	0.28	0.10
EBITDA[1]	**39.2**	33.8	25.4	29.8	21.1	27.3	31.6	21.5
Adjusted EBITDA[1]	**43.0**	36.9	38.9	29.8	21.1	27.3	32.4	21.5

[1] Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare the Corporation's financial statements and might not be comparable to similar financial measures used by other issuers. 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 1.4350 in the first quarter of 2025 and a low of 1.3637 in the third quarter of 2024. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.8582 in the second quarter of 2026 and hit a low of 1.7741 in the third 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 second quarter of 2026 of $305.6 million was higher than that in the second quarter of 2025. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the second quarter of 2026 was 1.3838 versus 1.3841 in the same period of 2025. The average quarterly exchange rate of the British pound relative to the Canadian dollar moved from 1.8485 in the second quarter of 2025 to 1.8582 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar increased from 1.3357 in the second quarter of 2025 to 1.3429 in the current quarter. Had the foreign exchange rates remained at levels experienced in the second quarter of 2025, reported revenues in the second quarter of 2026 would have been lower by $0.8 million.

Since the third quarter of 2024, the Company has seen a general, but uneven, growth trend in quarterly revenues.

4. Reconciliation of Net Income to 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, and non-operational items related to former sites of subsidiary companies) in this news 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 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 June 30		**Six month period ended June 30**	
Expressed in thousands of dollars	**2026**	2025	**2026**	2025
Income before interest and income taxes	**26,981**	9,191	**49,015**	24,761
Add: Depreciation and amortization	**12,207**	11,943	**23,951**	23,656
EBITDA	**39,188**	21,134	**72,966**	48,417
Add: Non-operational items related to former sites of subsidiary companies	**3,792**	—	**6,947**	—
Adjusted EBITDA	**42,980**	21,134	**79,913**	48,417

Adjusted EBITDA in the second quarter of 2026 increased $21.9 million to $43.0 million in comparison to $21.1 million in the same quarter of 2025 mainly as a result of gross margin improvements and higher foreign exchange income movements offset in part by higher administrative and general 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 programs, 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	
Expressed in thousands of dollars	**2026**	2025	**2026**	2025
(Increase) decrease in accounts receivable	**(30,957)**	258	**(71,284)**	(24,846)
(Increase) decrease in contract assets	**(2,954)**	19,561	**(14,487)**	28,022
(Increase) decrease in inventories	**(5,774)**	1,942	**(15,343)**	(4,425)
Decrease (increase) in prepaid expenses and other	**10,511**	(325)	**(1,059)**	(686)
(Decrease) increase in accounts payable, accrued liabilities and provisions	**(4,649)**	(10,601)	**41,779**	8,497
Increase (decrease) in contract liabilities	**8,211**	(1,157)	**4,496**	2,422
Changes in non-cash working capital balances	**(25,612)**	9,678	**(55,898)**	8,984
Cash provided by operating activities	**6,065**	25,800	**4,240**	47,109

For the three months ended June 30, 2026, operating activities provided $6.1 million of cash compared to providing cash of $25.8 million in the second quarter of 2025. Changes in non-cash working capital items used cash of $25.6 million, $35.3 million higher when compared to the cash provided by working capital of $9.7 million in the prior year. This working capital decrease is largely attributable to increases in accounts receivables from timing of customer payments, increases in contract assets due to higher in-process unbilled work and increases in inventory due to timing of production and shipment. These increases were offset in part by decreases in prepaid expenses and other, increases in accounts payable, accrued liabilities and provisions primarily driven by timing of material purchases and supplier payments and increases in contract liabilities due to timing of customer deposits.

Investing Activities

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2026**	2025	**2026**	2025
Purchase of property, plant and equipment	**(12,696)**	(6,747)	**(27,012)**	(19,245)
Increase in intangible assets	**(657)**	(1,514)	**(1,800)**	(2,258)
Cash used in investing activities	**(13,353)**	(8,261)	**(28,812)**	(21,503)

Investing activities used $13.4 million of cash in the second quarter of 2026 compared to $8.3 million cash used in the same quarter of the prior year, an increase of $5.1 million. The increase in cash usage was primarily due to higher levels of investment in property, plant and equipment offset in part by lower spending on intangible assets.

Financing Activities

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2026**	**2025**	**2026**	**2025**
Increase in bank indebtedness	**881**	13,342	**3,368**	8,809
Increase in long-term debt	—	—	**8,000**	—
Lease liability payments	**(1,758)**	(1,626)	**(3,531)**	(3,290)
Decrease in borrowings subject to specific conditions, net	—	—	**(1,454)**	(1,391)
Common share repurchases	—	—	—	(4)
Common share dividends	**(2,854)**	(2,857)	**(5,708)**	(4,285)
Cash (used in) provided by financing activities	**(3,731)**	8,859	**675**	(161)

Financing activities used $3.7 million of cash in the second quarter of 2026 compared to $9.0 million of cash provided in the same quarter of the prior year, a decrease of $12.7 million. The decrease in cash provided by financing activities was primarily driven by decreases in cash provided from bank indebtedness.

Financing Matters

On June 24, 2025, the Corporation extended its 2023 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 the Corporation in a maximum aggregate amount of $75 million. Interest applicable to the facility is at adjusted term Canadian Overnight Repo Rate Average ("CORRA") rates or adjusted term Secured Overnight Financing ("SOFR") rates plus a spread of 1.00%. The facility also includes a $75 million uncommitted accordion provision, which provides the Corporation with the option to increase the size of the operating credit facility to $150 million. Extensions of the 2025 Credit Facility are subject to mutual consent of the syndicate of lenders and the Corporation. A fixed and floating charge on accounts receivable, inventories and property, plant and equipment are pledged as collateral for the operating credit facility.

In March 2026, the Corporation received an $8,000 interest free government loan which is repayable over a five year period commencing in 2029 and is conditional on the achievement of certain terms in the agreement. The fair value of the loan was determined by discounting the expected future cash flows using a current rate for debt with similar terms and maturities. The difference between the fair value of the loan and the cash received has been recorded as a reduction in property, plant and equipment.

Legal Proceedings and Environmental Orders
Middletown is a defendant in a legal action related to the environmental remediation of a former operating site in Torrance, California. The trial that commenced in March 2026 concluded in May 2026, however a final judgement has not been entered. At this time, management cannot predict with certainty the extent of Middletown's liability, if any, the total costs of remediation, Middletown's share of the total cost, the extent to which contributions will be available from other parties, the amount of time necessary to complete the remediation or the insurance coverage available to it. Refer to "Chapter 11 Proceedings" for more information.

Middletown is also involved in an investigation for soil vapour intrusion at a former site in San Diego, California. Middletown was made aware of this investigation in February 2026 and an environmental order was subsequently issued to Middletown for mitigation, investigation and remedial-feasibility work. At this time, the actual liability to Middletown remains highly uncertain due to the recent timing of this claim, the unknown history of the contamination, and the unknown scope of remediation costs involved. Refer to "Chapter 11 Proceedings" for more information.

Commitments
As at June 30, 2026, the Corporation had contractual commitments to purchase $31.7 million of capital assets.

Chapter 11 Proceedings
On July 22, 2026, Middletown filed for voluntary Chapter 11 relief in the U.S. Bankruptcy Court for the Southern District of Ohio (the "Filing"). Middletown will continue to operate as a debtor-in-possession ("DIP") under the jurisdiction of the U.S. Bankruptcy Court.

The Filing resulted from the decline of Middletown's core business activities compounded by escalating legal defence and environmental program spending related to legacy environmental liabilities impacting Middletown's liquidity. Refer to "Legal Proceedings and Environmental Orders" for more information. At the time of Filing, Middletown had no secured debt. As a result of the Filing, all pre-petition liabilities are subject to compromise and pre-petition legal proceedings are stayed by court order. Concurrent with the Filing, Middletown entered into a DIP financing agreement with Magellan Aerospace, USA, Inc. to provide a debtor-in-possession revolving credit facility of up to USD $20 million to support ongoing operations.

Middletown intends to use the Filing to preserve its business as a going concern while addressing its legacy liabilities and has not yet determined whether it will pursue a standalone plan of reorganization, a sale under section 363 of the U.S. Bankruptcy Code or another strategic transaction. The outcome of the Filing process is uncertain and depends on court decisions, negotiations with creditors, and the successful development and confirmation of a plan of reorganization.

Dividends
During the first and second quarters of 2026, the Corporation declared quarterly cash dividends of $0.05 per common share, and paid aggregate dividends of $5.7 million.

Subsequent to June 30, 2026, the Corporation declared dividends to holders of common shares in the amount of $0.05 per common share payable on September 29, 2026, to shareholders of record at the close of business on September 15, 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 funds available for 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.

On June 11, 2026, the Corporation's application to extend its normal course issuer bid ("2026 NCIB") was approved. The 2026 NCIB allows the Corporation to purchase up to 2,853,953 common shares, over a 12-month period, commencing June 15, 2026, and ending June 14, 2027.

During the six month period ended June 30, 2026, the Corporation did not purchase any common shares for cancellation under the 2025 NCIB and 2026 NCIB program. During the same period in the prior year, the Corporation purchased 400 common shares for cancellation at a cost of $4 thousand.

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 6, 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 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.

As at June 30, 2026, foreign exchange contracts of GBP 23.5 million were outstanding and the Corporation has recorded $0.2 million of derivative liabilities as the fair value of its derivative contracts [December 31, 2025 - $0.2 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, 2026, 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, both of which have been filed with SEDAR at www.sedarplus.ca.

9. Outlook

The outlook for Magellan's business in 2026

Commercial Aerospace Market

The industry outlook remains cautiously optimistic, supported by strong commercial aircraft demand and an unprecedented order backlog at both Airbus and Boeing. While aircraft production continues to recover, global supply chain constraints—including shortages of aero engines, castings and forgings, titanium, electronic components, and skilled labour—continue to limit manufacturers' ability to increase production rates. The following commercial aircraft orders, backlog and delivery data was extracted from Forecast International's ("FI") Flight Plan publication dated July 22, 2026 and verified with Airbus and Boeing official first half 2026 announcements.

During the first half of 2026, Boeing delivered 314 commercial aircraft, representing its strongest first-half delivery performance since 2018. Deliveries included 243 Boeing 737 aircraft, 40 Boeing 787 aircraft, 16 Boeing 767 aircraft and 15 Boeing 777 aircraft. Boeing continues to focus on increasing production rates and improving manufacturing stability as it works through a commercial backlog approaching 7,000 aircraft.

Airbus delivered 351 commercial aircraft during the first six months of 2026, a 15% increase over the same period in 2025, including a particularly strong June with 89 aircraft delivered. Airbus remains on track to achieve its official full-year delivery target of 870 aircraft, with company leadership indicating that improving engine availability has supported a stronger production ramp-up during the second quarter. Airbus continues to maintain the industry's largest commercial aircraft backlog, exceeding 8,700 aircraft, with the A320neo Family representing the majority of outstanding orders.

The combined Airbus and Boeing commercial backlog remains well above 15,000 aircraft, representing many years of production at current manufacturing rates. Narrowbody aircraft continue to dominate future demand, with the Airbus A220/A320 and Boeing 737 aircraft families accounting for the overwhelming majority of outstanding orders. This sustained backlog provides long-term production visibility across the global aerospace supply chain.

Defence Aerospace Market

The defence market is positioned for sustained growth through the remainder of the decade. Rising geopolitical tensions, continued conflict in Ukraine, instability in the Middle East, increasing Indo-Pacific security concerns, and NATO's expanded defence spending commitments continue to drive record investment in military capability. Per a February 2026 publication in the Military Balance, global military expenditures reached USD $2.63 trillion in 2025, with industry forecasts projecting continued growth throughout 2026 and beyond as governments accelerate modernization programs, missile defence, autonomous systems, space capabilities, and advanced aerospace technologies.

Canada's new Defence Investment Agency ("DIA") continues to advance implementation as part of the federal government's broader defence procurement transformation. The DIA is intended to modernize defence procurement, accelerate project delivery, strengthen Canada's domestic industrial base, and improve collaboration with industry. Together with the newly established Defence Procurement Agency framework, these reforms are expected to provide more agile acquisition authorities and significantly improve the delivery of major defence capabilities.

In the United States, defence spending continues to grow under the current Administration, with continued emphasis on missile defence, next-generation aircraft, munitions production, shipbuilding, autonomous systems, and industrial base expansion. The U.S. Department of Defense continues to prioritize accelerating acquisition timelines and strengthening domestic and allied supply chains, creating significant opportunities for aerospace and defence manufacturers throughout North America.

Across Europe, defence modernization continues at an unprecedented pace. The European Union's ReArm Europe initiative is expected to mobilize approximately €800 billion in defence investment over the coming years through joint procurement, industrial expansion, and enhanced defence cooperation. This represents one of the largest coordinated defence industrial investments in European history and creates substantial opportunities for allied suppliers, including Canadian companies participating through the Canada-EU Security and Defence Partnership.

Overall Aerospace Market Outlook

The overall positive outlook for both the commercial and defence aerospace markets is tempered by common structural challenges. Persistent shortages of skilled labour, constrained availability of raw materials and specialized aerospace components, and ongoing supply chain bottlenecks remain the principal constraints on production growth. As commercial production rates continue to increase while defence procurement accelerates globally, competition for critical materials, manufacturing capacity, and skilled workers is expected to intensify. Growing geopolitical security and tariff policy issues add to these concerns as these forces work by reducing the interconnectivity of the global supply chain in the aerospace markets. Industry research—including recent KPMG aerospace outlooks—continues to identify supply chain resilience, workforce development, and domestic industrial capacity as among the most significant strategic risks facing the global aerospace sector over the coming decade.

As we move through 2026 and military events in the Middle East continue, it remains to be seen what the net impact will be on the aerospace industry as a whole. On the defence side, the conflict reinforces government focus on military readiness and accelerates defence procurement. On the commercial side, the impact is more challenging to assess with potential impacts including tightening jet fuel supplies, airspace closures, flight cancellations or supply chain disruptions. To date, the commercial side of the industry has remained resilient through it all.

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.

For additional information contact:

Phillip C. Underwood
President & Chief Executive Officer
T: (905) 677-1889
E: phil.underwood@magellan.aero

Elena M. Milantoni
Chief Financial Officer
T: (905) 677-1889
E: elena.milantoni@magellan.aero

MAGELLAN AEROSPACE

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

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended June 30 **2026**	 2025	Six month period ended June 30 **2026**	 2025
Revenues	**305,582**	249,793	**590,684**	510,691
Cost of revenues	**258,441**	216,511	**502,930**	443,677
Gross profit	**47,141**	33,282	**87,754**	67,014
Administrative and general expenses	**18,754**	17,743	**36,131**	32,972
Other expense	**1,406**	6,348	**2,608**	9,281
Income before interest and income taxes	**26,981**	9,191	**49,015**	24,761
Interest expense	**875**	478	**1,509**	1,054
Income before income taxes	**26,106**	8,713	**47,506**	23,707
Income tax expense (recovery):				
Current	**7,684**	5,313	**13,602**	10,821
Deferred	**(1,410)**	(1,965)	**(2,403)**	(3,306)
	6,274	3,348	**11,199**	7,515
Net income	**19,832**	5,365	**36,307**	16,192
Other comprehensive income (loss):				
Items that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	**8,799**	(13,896)	**11,274**	(7,586)
Unrealized gain on foreign currency contract hedges	**—**	1,109	**—**	1,599
Items not to be reclassified to profit and loss in subsequent periods:				
Actuarial income on defined benefit pension plans, net of tax	**195**	329	**375**	511
Comprehensive income (loss)	**28,826**	(7,093)	**47,956**	10,716
Net income per share				
Basic and diluted	**0.35**	0.09	**0.64**	0.28

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	June 30 2026	December 31 2025
Current assets		
Cash	**40,798**	64,047
Trade and other receivables	**315,283**	241,891
Contract assets	**74,288**	58,082
Inventories	**299,937**	278,769
Prepaid expenses and other	**13,468**	12,174
	743,774	654,963
Non-current assets		
Property, plant and equipment	**399,508**	386,026
Right-of-use assets	**33,108**	34,491
Investment properties	**6,815**	6,786
Intangible assets	**35,347**	35,710
Goodwill	**24,215**	23,507
Other assets	**25,652**	14,311
Deferred tax assets	**10,296**	10,032
	534,941	510,863
Total assets	**1,278,715**	1,165,826
Current liabilities		
Bank indebtedness	**27,781**	23,850
Accounts payable, accrued liabilities and provisions	**204,616**	157,005
Contract liabilities	**50,827**	46,095
Debt due within one year	**11,853**	11,216
	295,077	238,166
Non-current liabilities		
Long-term debt	**6,345**	—
Lease liabilities	**28,096**	29,631
Borrowings subject to specific conditions	**22,600**	23,911
Other long-term liabilities and provisions	**29,206**	17,324
Deferred tax liabilities	**29,313**	30,964
	115,560	101,830
Equity		
Share capital	**249,500**	249,500
Contributed surplus	**2,044**	2,044
Other paid in capital	**13,565**	13,565
Retained earnings	**540,782**	509,808
Accumulated other comprehensive income	**58,810**	47,536
Equity attributable to equity holders of the Corporation	**864,701**	822,453
Non-controlling interest	**3,377**	3,377
Total equity	**868,078**	825,830
Total liabilities and equity	**1,278,715**	1,165,826

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended June 30 **2026**	 2025	Six month period ended June 30 **2026**	 2025
Cash flow from operating activities				
Net income	**19,832**	5,365	**36,307**	16,192
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	**12,207**	11,943	**23,951**	23,656
(Gain) loss on disposal of property, plant and equipment	**(89)**	2	**152**	2
Decrease in defined benefit plans	**380**	296	**757**	920
Accretion of financial liabilities	**700**	618	**1,342**	1,280
Deferred taxes	**(1,410)**	(1,964)	**(2,403)**	(3,306)
Income on investments in joint ventures	**(491)**	(176)	**(757)**	(458)
Other	**(93)**	—	**(93)**	—
Changes to non-cash working capital	**(25,612)**	9,678	**(55,898)**	8,984
(Increase) decrease in other assets [1]	**(11,291)**	(75)	**(10,754)**	3
Increase (decrease) in long-term liabilities and provisions [1]	**11,932**	113	**11,636**	(164)
Net cash provided by operating activities [1]	**6,065**	25,800	**4,240**	47,109
Cash flow from investing activities				
Purchase of property, plant and equipment	**(12,696)**	(6,747)	**(27,012)**	(19,245)
Increase in intangible assets [1]	**(657)**	(1,514)	**(1,800)**	(2,258)
Net cash used in investing activities [1]	**(13,353)**	(8,261)	**(28,812)**	(21,503)
Cash flow from financing activities				
Increase in bank indebtedness	**881**	13,342	**3,368**	8,809
Increase in long-term debt	—	—	**8,000**	—
Lease liability payments	**(1,758)**	(1,626)	**(3,531)**	(3,290)
Decrease in borrowings subject to specific conditions, net	—	—	**(1,454)**	(1,391)
Common share repurchases	—	—	—	(4)
Common share dividends	**(2,854)**	(2,857)	**(5,708)**	(4,285)
Net cash (used in) provided by financing activities [1]	**(3,731)**	8,859	**675**	(161)
(Decrease) increase in cash during the period	**(11,019)**	26,398	**(23,897)**	25,445
Cash at beginning of the period	**51,268**	55,545	**64,047**	56,437
Effect of exchange rate differences	**549**	(556)	**648**	(495)
Cash at end of the period	**40,798**	81,387	**40,798**	81,387

(1) Prior-year amounts have been reclassified to conform to the change in 2026 presentation.