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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – November 5, 2024 – Magellan Aerospace Corporation (“Magellan” or the “Corporation”) released its financial results for the third quarter of 2024. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of Canadian dollars, except per share amounts	2024	2023	Change	2024	2023	Change
Revenues	223,513	213,009	4.9%	701,664	656,036	7.0%
Gross Profit	25,037	19,941	25.6%	75,463	65,215	15.7%
Net Income	5,845	3,674	59.1%	19,602	9,513	106.1%
Net Income per Share	0.10	0.06	66.7%	0.34	0.17	100.0%
Adjusted EBITDA	21,531	18,459	16.6%	65,145	56,587	15.1%
Adjusted EBITDA per Share	0.38	0.32	18.8%	1.14	0.99	15.2%

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

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

## 1. Overview

### A summary of Magellan’s business and significant updates

Magellan is a diversified supplier of components to the aerospace industry. Through its wholly owned subsidiaries, controlled entity and joint venture, Magellan designs, engineers and manufactures aeroengine and 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.

### The Industry, the Supply Chain

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

In the first nine months of 2024, 65.4% of revenues were derived from commercial markets while 34.6% of revenues related to defence markets.

### Business Update

On July 25, 2024, Magellan announced the signing of a Memorandum of Understanding (“MOU”) with Aequus Private Limited (“Aequus”) to explore the development of a business plan for a jointly owned engine maintenance, repair and overhaul (“MRO”) business in the Aequus Special Economic Zone, at Belagavi in Karnataka, India. Under the terms of this MOU, Magellan and Aequus will work together to evaluate the market for business, commercial and military aircraft engine MRO services, to develop a comprehensive business plan that expands our existing partnership into the MRO sector through this exciting new project.

On August 12, 2024, Magellan announced the signing of significant long-term agreements with Pratt & Whitney, an RTX business. These important contracts renew existing agreements and cover the supply of complex castings used on a number of legacy and new engine programs. Magellan’s Haley, Ontario facility and its Glendale, Arizona facility will produce the castings.

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

## 2. Results of Operations

### A discussion of Magellan’s operating results for the third quarter ended September 30, 2024

The Corporation reported revenue in the third quarter of 2024 of \$223.5 million, a \$10.5 million increase from third quarter of 2023 revenue of \$213.0 million. Gross profit and net income for the third quarter of 2024 were \$25.0 million and \$5.8 million, respectively, in comparison to gross profit of \$19.9 million and net income of \$3.7 million for the third quarter of 2023.

### Consolidated Revenue

Expressed in thousands of dollars	Three month period ended September 30			Nine month period ended September 30		
	2024	2023	Change	2024	2023	Change
Canada	83,299	81,392	2.3%	263,451	274,015	(3.9)%
United States	63,402	57,704	9.9%	202,442	174,926	15.7%
Europe	76,812	73,913	3.9%	235,771	207,095	13.8%
Total revenues	223,513	213,009	4.9%	701,664	656,036	7.0%

Revenue in Canada increased 2.3% in the third quarter of 2024 compared to the corresponding period in 2023, primarily due to higher casting product revenues and higher MRO revenues.

Revenue in the United States increased by 9.9% in the third quarter of 2024 compared to the third quarter of 2023, largely due to higher casting product revenues, increased aircraft engine shaft revenues and favourable foreign exchange impacts due to the strengthening of the United States dollar relative to the Canadian dollar. On a currency neutral basis, revenues in the United States increased 8.1% in the third quarter of 2024 over the same period in 2023.

European revenue in the third quarter of 2024 increased 3.9% compared to the corresponding period in 2023 primarily driven by net favourable transactional and translational foreign exchange impacts offset in part by lower revenues for single aisle and wide body aircraft parts. On a currency neutral basis, European revenues in the third quarter of 2024 decreased by less than 1.0% when compared to the same period in 2023.

### Gross Profit

Expressed in thousands of dollars	Three month period ended September 30			Nine month period ended September 30		
	2024	2023	Change	2024	2023	Change
Gross profit	<b>25,037</b>	19,941	25.6%	<b>75,463</b>	65,215	15.7%
Percentage of revenues	<b>11.2%</b>	9.4%		<b>10.8%</b>	9.9%	

Gross profit of \$25.0 million for the third quarter of 2024 was \$5.1 million higher than the \$19.9 million gross profit for the third quarter of 2023, and gross profit as a percentage of revenues of 11.2% for the third quarter of 2024 increased from 9.4% recorded in the same period in 2023. The gross profit in the current quarter increased from the same quarter in the prior year as a result of volume increases and contract rehabilitations on certain programs in addition to favourable product mix, offset in part by price increases on purchased materials and supplies.

### Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended September 30			Nine month period ended September 30		
	2024	2023	Change	2024	2023	Change
Administrative and general expenses	<b>13,626</b>	13,874	(1.8)%	<b>42,757</b>	42,329	1.0%
Percentage of revenues	<b>6.1%</b>	6.5%		<b>6.1%</b>	6.5%	

Administrative and general expenses as a percentage of revenues was 6.1% for the third quarter of 2024, lower than the same period of 2023 percentage of revenues of 6.5%. Administrative and general expenses decreased \$0.3 million or 1.8% to \$13.6 million in the third quarter of 2024 compared to \$13.9 million in the third quarter of 2023 mainly due to lower information technology spending offset in part by higher salary and benefit costs.

### Restructuring

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Restructuring	—	811	—	1,320

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

### Other

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Foreign exchange loss (gain)	<b>1,068</b>	(925)	<b>171</b>	1,817
Loss (gain) on sale of capital assets	<b>141</b>	(14)	<b>228</b>	(37)
Other	—	494	<b>619</b>	644
Total Other	<b>1,209</b>	(445)	<b>1,018</b>	2,424

Total Other for the third quarter of 2024 included a \$1.1 million foreign exchange loss compared to a \$0.9 million foreign exchange gain in the third 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 September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Interest on bank indebtedness and long-term debt	228	430	1,389	732
Accretion charge on long-term debt and borrowings	216	152	587	610
Accretion charge for lease liabilities	431	384	1,129	1,187
Discount on sale of accounts receivable	75	58	215	136
Total interest expense	950	1,024	3,320	2,665

Total interest expense of \$1.0 million in the third quarter of 2024 is similar to \$1.0 million in the third quarter of 2023. Lower interest charge on bank indebtedness and long-term debt was offset by higher accretion charge on long-term debt, borrowings and leases.

### Provision for Income Taxes

	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Current income tax expense	5,082	1,524	11,592	10,428
Deferred income tax recovery	(1,675)	(521)	(2,826)	(3,464)
Income tax expense	3,407	1,003	8,766	6,964
Effective tax rate	36.8%	21.4%	30.9%	42.3%

Income tax expense for the three months ended September 30, 2024 was \$3.4 million, representing an effective income tax rate of 36.8% compared to 21.4% for the same period of 2023. The change in the effective tax rate and current and deferred income tax expense year over year was primarily due to the change in mix of income and losses across the different jurisdictions in which the Corporation operates and the reversal of temporary differences.

## 3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2024				2023			
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Expressed in millions of dollars, except per share amounts								
Revenues	223.5	242.9	235.2	223.5	213.0	219.7	223.4	193.1
Income (loss) before taxes	9.3	9.9	9.2	4.4	4.7	6.1	5.7	(20.9)
Net income (loss)	5.8	7.5	6.3	(0.3)	3.7	1.9	3.9	(20.8)
Net income (loss) per share								
Basic and diluted	0.10	0.13	0.11	(0.00)	0.06	0.03	0.07	(0.36)
EBITDA <sup>1</sup>	21.5	21.9	21.7	15.9	17.7	19.3	18.3	(8.5)
Adjusted EBITDA <sup>1</sup>	21.5	21.9	21.7	16.4	18.5	19.5	18.6	(4.8)

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

Revenues and net income in the quarter were impacted by the movements of the Canadian dollar relative to the United States dollar and British pound, when the Corporation translates its foreign operations to Canadian dollars. Further, the movements in the United States dollar relative to the British pound impact the Corporation's United States dollar exposures in its European operations. During the periods reported in the quarterly financial information table above, the average quarterly exchange rate of the United States dollar relative to the Canadian dollar fluctuated between a high of 1.3684 in the second quarter of 2024 and a low of 1.3412 in the third quarter of 2023. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.7741 in the third quarter of 2024 and hit a low of 1.5953 in the fourth quarter of 2022. The average quarterly exchange rate of the British pound relative to the United States dollar reached a high of 1.3011 in the third quarter of 2024 and hit a low of 1.1747 in the fourth quarter of 2022.

Revenue for the third quarter of 2024 of \$223.5 million was higher than that in the third quarter of 2023. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the third quarter of 2024 was 1.3637 versus 1.3412 in the same period of 2023. The average quarterly exchange rate of the British pound relative to the Canadian dollar increased from 1.6974 in the third quarter of 2023 to 1.7741 during the current quarter. The average quarterly exchange rate of the British

pound relative to the United States dollar increased from 1.2658 in the third quarter of 2023 to 1.3011 in the current quarter. Had the foreign exchange rates remained at levels experienced in the third quarter of 2023, reported revenues in the third quarter of 2024 would have been lower by \$2.8 million.

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

#### 4. Reconciliation of Net Income to EBITDA and Adjusted EBITDA

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

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

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Net income	5,845	3,674	19,602	9,513
Add back:				
Interest	950	1,024	3,320	2,665
Taxes	3,407	1,003	8,766	6,964
Depreciation and amortization	11,329	11,947	33,457	36,125
EBITDA	21,531	17,648	65,145	55,267
Add back:				
Restructuring	—	811	—	1,320
Adjusted EBITDA	21,531	18,459	65,145	56,587

Adjusted EBITDA in the third quarter of 2024 increased \$3.0 million to \$21.5 million as compared to \$18.5 million in the same quarter of 2023 mainly as a result of the gross margin improvements discussed earlier.

#### 5. Liquidity and Capital Resources

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

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

### Cash Flow from Operations

	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Decrease (increase) in accounts receivable	14,125	5,199	(4,713)	(31,455)
Decrease (increase) in contract assets	2,343	(4,280)	(6,605)	(10,233)
Increase in inventories	(2,279)	(14,128)	(14,507)	(31,575)
Increase in prepaid expenses and other	(1,255)	(692)	(1,828)	(271)
(Decrease) increase in accounts payable, accrued liabilities and provisions	(11,760)	(29)	(9,420)	3,058
Increase (decrease) in contract liabilities	670	(916)	37,101	(9,835)
Changes in non-cash working capital balances	1,844	(14,846)	28	(80,311)
Cash provided by (used in) operating activities	18,649	1,228	53,014	(36,066)

For the three months ended September 30, 2024, the Corporation generated \$18.6 million of cash from operating activities, compared to \$1.2 million generated in the third quarter of 2023. Changes in non-cash working capital items provided cash of \$1.8 million, \$16.6 million more when compared to \$14.8 million cash used in the prior year. The quarter over quarter changes were largely attributable to decreases in accounts receivables from timing of customer payments, lower increases in inventories due to timing of production and shipment offset in part by decreases in accounts payable, accrued liabilities and provisions primarily driven by timing of supplier payments.

### Investing Activities

	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
Purchase of property, plant and equipment	(7,258)	(3,761)	(22,358)	(9,550)
Proceeds from disposal of property, plant and equipment	2	7	65	185
Decrease (increase) in intangible and other assets	51	(1,654)	(538)	(2,720)
Cash used in investing activities	(7,205)	(5,408)	(22,831)	(12,085)

Investing activities used \$7.2 million of cash in the third quarter of 2024 compared to \$5.4 million cash used in the same quarter of the prior year, an increase of \$1.8 million in investing activities primarily due to higher levels of investment in property, plant and equipment offset in part by lower spending on intangible and other assets.

### Financing Activities

	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Expressed in thousands of dollars				
(Decrease) increase in bank indebtedness	(9,472)	7,160	9,080	18,550
Decrease in long-term debt	(163)	(540)	(883)	(1,596)
Lease liability payments	(1,716)	(1,398)	(4,393)	(4,258)
(Decrease) increase in borrowings subject to specific conditions, net	—	—	(19)	227
(Decrease) increase in long-term liabilities and provisions	(199)	(480)	20	(169)
Common share repurchases	(5)	(427)	(689)	(1,053)
Common share dividends	(1,428)	(1,434)	(4,286)	(4,303)
Cash (used in) provided by financing activities	(12,983)	2,881	(1,170)	7,398

Financing activities used \$13.0 million of cash for the third quarter of 2024 compared to \$2.9 million of cash generated in the same quarter of the prior year. The quarter over quarter change was largely attributable to decreases in bank indebtedness.

On June 14, 2023, the Corporation extended its Bank Credit Facility Agreement (“2023 Credit Facility”) with a syndicate of lenders for an additional two-year period expiring on June 30, 2025. The 2023 Credit Facility provides for a multi-currency global operating credit facility to be available to Magellan in a maximum aggregate amount of \$75 million. The 2023 Credit Facility also includes a \$75 million uncommitted accordion provision, which provides Magellan with the option to increase the size of the operating credit facility to \$150 million. Extensions of the 2023 Credit Facility are subject to mutual consent of the syndicate of lenders and the Corporation. At September 30, 2024, there were drawings under the 2023 Credit Facility of \$29.9 million, including letters of credit totaling \$3.7 million.

As at September 30, 2024, the Corporation had contractual commitments to purchase \$24.9 million of capital assets.





### **Dividends**

During each of the first, second and third quarters of 2024, the Corporation declared quarterly cash dividends of \$0.025 per common share and has paid aggregate dividends of \$4.3 million year to date.

Subsequent to September 30, 2024, the Corporation declared dividends to holders of common shares in the amount of \$0.025 per common share payable on December 31, 2024, to shareholders of record at the close of business on December 17, 2024. The Board of Directors of the Corporation continues to review its dividends on a quarterly basis to ensure that the dividend declared balances the return of capital to shareholders while maintaining adequate financial flexibility and investment for growth initiatives.

### **Normal Course Issuer Bid**

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

During the nine month period ended September 30, 2024, the Corporation purchased a total of 87,942 common shares for cancellation at a volume weighted average price of \$7.83 per common share at a cost of \$0.7 million. During the same period in the prior year, the Corporation purchased 144,311 common shares for cancellation at a volume weighted average price of \$7.30 per common share at a cost of \$1.1 million.

### **Outstanding Share Information**

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of common shares. As at November 1, 2024, 57,143,255 common shares were outstanding and no preference shares were outstanding.

## **6. Financial Instruments**

*A summary of Magellan's financial instruments*

### **Derivative Contracts**

The Corporation operates internationally, which gives rise to a risk that its income, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange rates. Currency risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian dollar denominated financial statements of the Corporation's subsidiaries may vary on consolidation into the reporting currency of Canadian dollars. The Corporation from time to time may use derivative financial instruments to help manage foreign exchange risk with the objective of reducing transaction exposures and the resulting volatility of the Corporation's earnings. The Corporation does not trade in derivatives for speculative purposes. Under these contracts (forwards and collars), the Corporation is obligated to purchase specified amounts of currency – generally either the United States dollar ("USD") or British Pound ("GBP") - at predetermined dates and exchange rates if certain conditions are met. The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. A number of these contracts are designated as cash flow hedges.

As at September 30, 2024, foreign exchange contracts of USD \$4.0 million and GBP 23.5 million were outstanding with an immaterial mark-to-market fair value loss. In addition, the Corporation had foreign exchange collar contracts outstanding of USD \$32.4 million, which extend to June 2025, with a mark-to-market fair value loss of \$0.9 million.

As at September 30, 2024, the Corporation has \$0.9 million of derivative liabilities as the fair value of its derivative contracts [December 31, 2023 - \$1.3 million] in Accounts payable, accrued liabilities and provisions on the interim condensed consolidated statement of financial position.

### **Off-Balance Sheet Arrangements**

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

## 7. Related Party Transactions

### A summary of Magellan's transactions with related parties

For the three month period ended September 30, 2024, the Corporation had no material transactions with related parties as defined in IAS 24, *Related Party Disclosures*.

## 8. Risk Factors

### A summary of risks and uncertainties facing Magellan

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

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2023 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2023, which have been filed with SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

## 9. Outlook

### The outlook for Magellan's business in 2024

Suppliers of commercial aerospace products are facing a new period of significant uncertainty. The recent strike by Boeing's machinists' union has added stress to what was already becoming a challenge for suppliers to forecast production demand. Up until the strike, Boeing suppliers were manufacturing 737 components at higher rates than Boeing was outputting aircraft. This was a deliberate effort to maintain the supply chain while Boeing eventually ramped up aircraft production. For various reasons of delay, Boeing rescheduled the production ramp up twice during 2024, creating inventory surpluses beyond what was initially planned, forcing suppliers to slow down or stop production of 737 components. The strike then halted all production and delivery activities on 737, 767 and 777 programs. As well, 777-9 flight tests were placed on hold, further delaying program certification and prompting Boeing to announce that the first flight of the aircraft would be moved out to 2026. Boeing later reported that production of the 767F (freighter) aircraft would be ending once existing orders were filled, while production of the KC-46 tanker version would continue.

In October, Boeing announced that it would be cutting approximately 10% of its workforce in a plan to restructure its business and to align with its "financial reality" amid the machinists' strike and numerous other business challenges. Suppliers, including certain Magellan divisions, are facing workforce decisions in order to manage costs in light of reduced production demand.

For aerospace suppliers, the Boeing situation is compounded by delayed program ramp rates at Airbus. In June, Airbus announced that it was moving its production target of 75 A320neo aircraft per month out to 2027 from 2026, due to "persistent" and "specific" supply-chain issues. Considering the "imbalance of supply" into different parts of the aircraft, Airbus indicated that it intends to reduce scheduled deliveries from Tier I suppliers in the fourth quarter of 2024 before returning to previously announced rates during the second quarter of 2025.

Airbus was planning to produce between 58 and 62 A320 aircraft per month by the end of 2024. The actual build rate has not been disclosed. The A350 rate is at 6 aircraft per month ramping up to 7 and then 8 aircraft per month in 2025. For 2028, 12 aircraft per month is planned. Meanwhile, the A330 rate is at 4 aircraft per month, and the A220 is at 10 aircraft per month.

Within the defence market, budgets continue increasing as countries seek to modernize their fleets. Riding the surge of increased European defense spending, Boeing Defense secured its largest-ever Apache foreign order for 96 AH-64E attack helicopters with Poland, and secured Foreign Military Sale ("FMS") approval for up to 36 AH-64Es to South Korea. Boeing's modernized Block II CH47 Chinook helicopter is also enjoying success with Germany, the UK and potentially Poland procuring these versions.

Meanwhile, Sikorsky and the US Army are negotiating a deal to extend UH-60 Black Hawk helicopter production to 2032. When the US Army cancelled the new Future Armed Reconnaissance Aircraft ("FARA") program, it committed to acquiring more Black Hawks from Sikorsky and CH-47 Block II Chinook helicopters from Boeing. Sikorsky is also engaged in an effort to modernize its UH-60s, including developing and testing autonomous flight technology and integrating the new GE T901 Improved Turbine Engine.





Lockheed Martin resumed F-35 deliveries in July of this year after the Pentagon agreed to accept an interim version in advance of receiving the new Technical Refresh (TR-3) configuration. During the Pentagon's prior delivery hold period, Lockheed continued producing aircraft at full rate and consequently parked approximately 100 new F-35s. Experts speculate it will take roughly a year for Lockheed to deliver these aircraft. With a global fleet now exceeding 1,000 F-35s, officials stated that the program has now reached "a level of size and strength, fundamentally transforming the way allied forces train, operate and dominate the skies, together". In total, nineteen nations are expected to operate F-35s.

The aerospace supply base is welcoming the positive news coming out of the defence aerospace market especially as production demand uncertainty in the commercial aerospace market persists. With both large commercial aircraft manufacturers further delaying program ramp ups and implementing requisite de-stocking activities, they are forcing suppliers to institute cost mitigation actions just as post pandemic capacity was being restored. This situation again illustrates how sensitive the aerospace industry is to singular events.

### **Additional Information**

Additional information relating to Magellan Aerospace Corporation, including the Corporation's annual information form, can be found on the SEDAR web site at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Forward Looking Statements**

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

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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 September 30		Nine month period ended September 30	
	2024	2023	2024	2023
Revenues	<b>223,513</b>	213,009	<b>701,664</b>	656,036
Cost of revenues	<b>198,476</b>	193,068	<b>626,201</b>	590,821
Gross profit	<b>25,037</b>	19,941	<b>75,463</b>	65,215
Administrative and general expenses	<b>13,626</b>	13,874	<b>42,757</b>	42,329
Restructuring	—	811	—	1,320
Other expense (income)	<b>1,209</b>	(445)	<b>1,018</b>	2,424
Income before interest and income taxes	<b>10,202</b>	5,701	<b>31,688</b>	19,142
Interest expense	<b>950</b>	1,024	<b>3,320</b>	2,665
Income before income taxes	<b>9,252</b>	4,677	<b>28,368</b>	16,477
Income tax expense (recovery)				
Current	<b>5,082</b>	1,524	<b>11,592</b>	10,428
Deferred	<b>(1,675)</b>	(521)	<b>(2,826)</b>	(3,464)
	<b>3,407</b>	1,003	<b>8,766</b>	6,964
<b>Net income</b>	<b>5,845</b>	3,674	<b>19,602</b>	9,513
Other comprehensive income:				
Items that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	<b>2,581</b>	2,790	<b>15,122</b>	992
Unrealized gain (loss) on foreign currency contract hedges	<b>594</b>	(1,342)	<b>273</b>	742
Items not to be reclassified to profit and loss in subsequent periods:				
Actuarial gain on defined benefit pension plans, net of tax	<b>693</b>	509	<b>972</b>	259
<b>Comprehensive income</b>	<b>9,713</b>	5,631	<b>35,969</b>	11,506
<b>Net income per share</b>				
Basic and diluted	<b>0.10</b>	0.06	<b>0.34</b>	0.17

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

(unaudited) (expressed in thousands of Canadian dollars)	September 30 2024	December 31 2023
<b>Current assets</b>		
Cash	30,697	1,494
Trade and other receivables	219,606	211,364
Contract assets	76,559	69,052
Inventories	279,975	258,448
Prepaid expenses and other	12,727	10,441
	<b>619,564</b>	<b>550,799</b>
<b>Non-current assets</b>		
Property, plant and equipment	363,845	359,722
Right-of-use assets	34,162	26,857
Investment properties	6,897	6,632
Intangible assets	36,003	37,402
Goodwill	23,114	22,159
Other assets	12,478	13,126
Deferred tax assets	8,990	8,376
	<b>485,489</b>	<b>474,274</b>
<b>Total assets</b>	<b>1,105,053</b>	<b>1,025,073</b>
<b>Current liabilities</b>		
Bank indebtedness	26,187	15,534
Accounts payable, accrued liabilities and provisions	138,948	142,713
Contract liabilities	65,473	27,960
Debt due within one year	9,919	9,439
	<b>240,527</b>	<b>195,646</b>
<b>Non-current liabilities</b>		
Lease liabilities	30,362	24,314
Borrowings subject to specific conditions	23,887	24,166
Other long-term liabilities and provisions	6,227	6,089
Deferred tax liabilities	35,639	37,441
	<b>96,115</b>	<b>92,010</b>
<b>Equity</b>		
Share capital	249,762	250,147
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	462,936	446,952
Accumulated other comprehensive income	36,727	21,332
Equity attributable to equity holders of the Corporation	<b>765,034</b>	<b>734,040</b>
Non-controlling interest	3,377	3,377
<b>Total equity</b>	<b>768,411</b>	<b>737,417</b>
<b>Total liabilities and equity</b>	<b>1,105,053</b>	<b>1,025,073</b>

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

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended September 30		Nine month period ended September 30	
	2024	2023	2024	2023
<b>Cash flow from operating activities</b>				
Net income	5,845	3,674	19,602	9,513
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	11,329	11,947	33,457	36,125
Loss (gain) on disposal of property, plant and equipment	141	(14)	228	(37)
Increase in defined benefit plans	786	897	1,435	1,783
Accretion of financial liabilities	645	537	1,713	1,799
Deferred taxes	(1,675)	(871)	(2,826)	(4,516)
Income on investments in joint ventures	(266)	(96)	(584)	(247)
Other	—	—	(39)	(175)
Changes to non-cash working capital	1,844	(14,846)	28	(80,311)
<b>Net cash provided by (used in) operating activities</b>	<b>18,649</b>	<b>1,228</b>	<b>53,014</b>	<b>(36,066)</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(7,258)	(3,761)	(22,358)	(9,550)
Proceeds from disposal of property, plant and equipment	2	7	65	185
Decrease (increase) in intangible and other assets	51	(1,654)	(538)	(2,720)
<b>Net cash used in investing activities</b>	<b>(7,205)</b>	<b>(5,408)</b>	<b>(22,831)</b>	<b>(12,085)</b>
<b>Cash flow from financing activities</b>				
(Decrease) increase in bank indebtedness	(9,472)	7,160	9,080	18,550
Decrease in long-term debt	(163)	(540)	(883)	(1,596)
Lease liability payments	(1,716)	(1,398)	(4,393)	(4,258)
(Decrease) increase in borrowings subject to specific conditions, net	—	—	(19)	227
(Decrease) increase in long-term liabilities and provisions	(199)	(480)	20	(169)
Common share repurchases	(5)	(427)	(689)	(1,053)
Common share dividends	(1,428)	(1,434)	(4,286)	(4,303)
<b>Net cash (used in) provided by financing activities</b>	<b>(12,983)</b>	<b>2,881</b>	<b>(1,170)</b>	<b>7,398</b>
<b>(Decrease) increase in cash during the period</b>	<b>(1,539)</b>	<b>(1,299)</b>	<b>29,013</b>	<b>(40,753)</b>
Cash at beginning of the period	31,919	1,816	1,494	40,940
Effect of exchange rate differences	317	149	190	479
<b>Cash at end of the period</b>	<b>30,697</b>	<b>666</b>	<b>30,697</b>	<b>666</b>