

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations of AirBoss of America Corp. ("AirBoss" or the "Company") has been prepared as of November 5, 2025 and should be read in conjunction with the Unaudited Interim Condensed Consolidated Financial Statements and Notes for the three- and nine-month periods ended September 30, 2025 and the MD&A and Audited Consolidated Financial Statements and Notes for the year ended December 31, 2024. The Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The Audit Committee and Board of Directors have reviewed and approved the contents of this MD&A, the Financial Statements and the third quarter press release. All dollar amounts are shown in thousands of US dollars, except per share amounts, unless otherwise specified. Additional information regarding the Company, including its Annual Information Form, can be found on SEDAR+ at www.sedarplus.com and on the Company's website at www.airboss.com.

FORWARD-LOOKING INFORMATION

Certain statements contained or incorporated by reference herein, including those that express management's expectations or estimates of future developments or AirBoss' future performance, constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws, and can generally be identified by words such as "will", "may", "could", "expects", "believes", "anticipates", "forecasts", "plans", "intends", "should" or similar expressions. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events and performance.

Statements containing forward-looking information are necessarily based upon a number of opinions, estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies. AirBoss cautions that such forward-looking information involves known and unknown contingencies, uncertainties and other risks that may cause AirBoss' actual financial results, performance or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by the forward-looking information. Numerous factors could cause actual results to differ materially from those in the forward-looking information, including without limitation: impact of general economic conditions, notably including its impact on demand for rubber solutions and products; dependence on key customers; global defense budgets, notably in the Company's target markets, and success of the Company in obtaining new or extended defense contracts; contract-related risks; cyclical trends in the tire and automotive, construction, mining and retail industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; global political uncertainty and policy change; AirBoss' ability to maintain existing customers or develop new customers in light of increased competition; AirBoss' ability to successfully integrate acquisitions of other businesses and/or companies or to realize on the anticipated benefits thereof; AirBoss' ability to successfully develop and execute effective business strategies including, without limitation, the recently announced strategic transition; changes in accounting policies and methods, including uncertainties associated with critical accounting assumptions and estimates; changes in the value of the Canadian dollar relative to the US dollar; changes in tax laws; changes in trade policies or the imposition of new tariffs, duties or other similar restrictions which could influence the cost and flow of goods and services across borders; current and future litigation; ability to obtain financing on acceptable terms and ability to satisfy the covenants set forth in such financing arrangements; environmental damage and non-compliance with environmental laws and regulations; impact of global health situations; IT/cybersecurity risks; potential product liability and warranty claims and equipment malfunction. There is increased uncertainty associated with future operating assumptions and expectations as compared to prior periods. This list is not exhaustive of the factors that may affect any of AirBoss' forward-looking information.

All of the forward-looking information in this Interim Report is expressly qualified by these cautionary statements. Investors are cautioned not to put undue reliance on forward-looking information. All subsequent written and oral forward-looking information attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Forward-looking information contained herein is made as of the date of this Interim Report and, whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly the forward-looking information except as required by applicable laws. Risks and uncertainties about AirBoss' business are more fully discussed under the heading "Risk Factors" in our most recent Annual Information Form and are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at www.sedarplus.com.

OVERALL PERFORMANCE**Recent Highlights****(in US dollars, unless otherwise noted)**

- Adjusted EBITDA¹ in the third quarter of 2025 (“Q3 2025”) increased by \$0.9 million to \$7.3 million compared to \$6.4 million in the third quarter of 2024 (“Q3 2024”) and losses decreased by \$0.4 million to \$2.9 million;
- Adjusted EBITDA¹ for 2025 year-to-date increased by \$8.8 million to \$25.6 million compared to \$16.8 million for 2024 year-to-date and losses decreased by \$16.7 million to \$1.0 million;
- Cash provided by operating activities increased by \$9.8 million to \$8.7 million in Q3 2025 compared to (\$1.1) million in Q3 2024;
- Reduced borrowings under our revolving credit facility by \$11.4 million since the beginning of the year for a Net Debt to Adjusted EBITDA ratio¹ of 2.70x (4.51x at December 31, 2024); and
- Declared a quarterly dividend of CAD\$0.035 per common share.

Selected Financial Information

<i>In thousands of US dollars, except share data (unaudited)</i>	Three-months ended September 30		Nine-months ended September 30	
	2025	2024	2025	2024
Financial results:				
Net sales	100,420	96,204	304,166	295,061
Profit (loss)	(2,902)	(3,279)	(1,045)	(17,774)
Adjusted Profit ¹	(89)	(3,279)	1,768	(10,923)
Earnings (loss) per share (US\$)				
– Basic	(0.11)	(0.12)	(0.04)	(0.66)
– Diluted	(0.11)	(0.12)	(0.04)	(0.66)
Adjusted earnings per share ¹ (US\$)				
– Basic	0.00	(0.12)	0.07	(0.40)
– Diluted	0.00	(0.12)	0.06	(0.40)
EBITDA ¹	4,441	6,420	22,715	9,958
Adjusted EBITDA ¹	7,313	6,420	25,587	16,809
Net cash provided by operating activities	8,708	(1,071)	28,082	4,485
Free cash flow ¹	4,914	(2,897)	20,452	(3,001)
Dividends declared per share (CAD\$)	0.035	0.035	0.105	0.140
Capital expenditures	3,794	1,831	7,630	7,500
Financial position:	September 30, 2025		December 31, 2024	
Total assets	310,631		309,528	
Debt ²	103,575		117,390	
Net Debt ¹	82,898		98,888	
Shareholders' equity	123,663		126,010	
Outstanding shares*	27,149,224		27,130,556	

*27,149,224 at November 5, 2025

¹ See Non-IFRS and Other Financial Measures.² Debt as at September 30, 2025 and December 31, 2024 included lease liabilities of \$10,505 and \$12,011, respectively.**NON-IFRS AND OTHER FINANCIAL MEASURES**

This MD&A is based on financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and uses Non-IFRS Financial Measures. Management believes that these measures provide useful information to investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. These terms are not measures of performance under IFRS and should not be considered in isolation or as a substitute for net income under IFRS.

MD&A (cont'd)

EBITDA and Adjusted EBITDA are non-IFRS measures used to measure the Company's ability to generate cash from operations for debt service, to finance working capital and capital expenditures, potential acquisitions and to pay dividends. EBITDA is defined as earnings before income taxes, finance costs, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding impairment costs, acquisition costs, and non-recurring costs. A reconciliation of profit (loss) to EBITDA and Adjusted EBITDA is below.

<i>In thousands of US dollars</i>	Three-months ended September 30 (unaudited)		Nine-months ended September 30 (unaudited)	
	2025	2024	2025	2024
EBITDA:				
Profit (loss)	(2,902)	(3,279)	(1,045)	(17,774)
Finance costs	2,445	3,767	7,890	9,619
Depreciation and amortization	4,692	5,180	14,843	15,824
Income tax expense	206	752	1,027	2,289
EBITDA	4,441	6,420	22,715	9,958
Write-down of inventory	—	—	—	6,049
Restructuring costs	1,161	—	1,161	802
Impairment of assets	1,711	—	1,711	—
Adjusted EBITDA	7,313	6,420	25,587	16,809

In the third quarter of 2025, the Manufactured Products segment began relocating its Jessup, Maryland operations to Auburn Hills, Michigan. The Company expects to relaunch its operations in its Auburn Hills facility during the fourth quarter of 2025. In connection with this move, the Company recorded restructuring costs of \$762 related to staff reductions and \$1,711 of impairment charges against a leased building and leasehold improvements. In addition, the Rubber Solutions segment incurred restructuring costs of \$399 related to staff reductions. These costs are included in Other expenses on the Statement of Loss.

In the second quarter of 2024, the Company recorded a \$6,049 inventory provision related to its inventory of nitrile gloves and medical gowns due to significant downward shifts in pricing. Costs related to this transaction are included in Cost of Sales on the Statement of Loss.

In the second quarter of 2024, the Company completed a series of staff reductions. Costs related to this restructuring activity for \$802 are included in Other expenses on the Statement of Loss.

Adjusted profit is a non-IFRS measure defined as profit before impairment costs, acquisition costs and non-recurring costs. This measure and Adjusted earnings per share are used to evaluate the operating results of the Company. A reconciliation of Profit to Adjusted profit and Adjusted earnings per share is below.

<i>In thousands of US dollars</i>	Three-months ended September 30 (unaudited)		Nine-months ended September 30 (unaudited)	
	2025	2024	2025	2024
Adjusted profit:				
Profit (loss)	(2,902)	(3,279)	(1,045)	(17,774)
Write-down of inventory (after tax)	—	—	—	6,049
Restructuring costs (after tax)	1,102	—	1,102	802
Impairment of assets (after tax)	1,711	—	1,711	—
Adjusted profit	(89)	(3,279)	1,768	(10,923)
Basic weighted average number of shares outstanding	27,149	27,131	27,143	27,131
Diluted weighted average number of shares outstanding	27,149	27,131	28,544	27,131
Adjusted earnings per share (in US dollars):				
Basic	0.00	(0.12)	0.07	(0.40)
Diluted	0.00	(0.12)	0.06	(0.40)

Net Debt measures the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. A reconciliation of loans and borrowings to Net Debt is below.

In thousands of US dollars	September 30, 2025	December 31, 2024
	(unaudited)	
Net debt:		
Loans and borrowings - current	5,878	5,002
Loans and borrowings - non-current	97,697	112,388
Leases included in loans and borrowings	(10,505)	(12,011)
Cash and cash equivalents	(10,172)	(6,491)
Net debt	82,898	98,888

The Company had a Net Debt to TTM Adjusted EBITDA ratio of 2.70x as of September 30, 2025 (December 31, 2024: 4.51x).

Free cash flow is a non-IFRS measure used to evaluate cash flow after investing in the maintenance or expansion of the Company's business. It is defined as cash provided by operating activities, less cash expenditures on long-term assets. A reconciliation of cash from operating activities to free cash flow is below.

In thousands of US dollars	Three-months ended September 30		Nine-months ended September 30	
	(unaudited)		(unaudited)	
	2025	2024	2025	2024
Free cash flow:				
Net cash provided by operating activities	8,708	(1,071)	28,082	4,485
Acquisition of property, plant and equipment	(3,601)	(1,565)	(6,911)	(6,825)
Acquisition of intangible assets	(193)	(266)	(719)	(675)
Proceeds from disposition	—	5	—	14
Free cash flow	4,914	(2,897)	20,452	(3,001)
Basic weighted average number of shares outstanding	27,149	27,131	27,143	27,131
Diluted weighted average number of shares outstanding	27,738	27,131	28,544	27,131
Free cash flow per share (in US dollars):				
Basic	0.18	(0.11)	0.75	(0.11)
Diluted	0.18	(0.11)	0.72	(0.11)

OVERVIEW

AirBoss experienced positive traction in Q3 2025 compared to Q3 2024, mainly driven by significant increases in AirBoss Manufactured Products' ("AMP") defense products business partially offset by reduced volumes at AirBoss Rubber Solutions ("ARS"). However, pronounced economic headwinds continued to impact each segment to varying degrees and the Company experienced softness in Q3 2025 compared to Q2 2025. AirBoss navigated obstacles related to economic and geopolitical challenges, including market softness, the US government shutdown, tariffs, inflationary pressure and the potential for further escalating and retaliatory tariffs, while maintaining focus on risk mitigation plans, including further cost reductions and targeting continuous improvements to build momentum at both ARS and AMP. The Company took steps in the quarter to optimize its footprint at AMP as it began the relocation of its facility in Jessup, Maryland to Auburn Hills, Michigan. Further uncertainty is expected to persist in coming quarters with volume recovery difficult to anticipate, as any recovery could be impacted by further tariffs, duties, other restrictions on trade or geopolitical and economic challenges. Given the cross-border nature of the Company's operations, a significant portion of the products manufactured by the Company in Canada are sold into the United States and may be subject to current or pending tariffs, as well as additional tariffs which could be enacted. Despite the fact that the majority of AirBoss products are covered under the USMCA/CUSMA, the Company continues to evaluate and execute on contingency plans to deal with any future potential challenges that may present themselves as USMCA/CUSMA gets renegotiated. While economic uncertainty, disruption of trade flows and increased costs and strains on supply chains persist, management remains focused on the successful conversion of key opportunities to support future growth.

ARS had continued and pronounced softness in Q3 2025 compared to Q3 2024. The segment experienced both revenue contraction and reduced margins driven by overall softness in most customer sectors primarily caused by the shifting tariff situation, as customers managed the potential exposure created by tariff headwinds by continuing to sell pre-existing inventories. ARS remains committed to executing on its strategy to deliver strong results by focusing on specialized products, expanded production of a broader array of compounds (white and color), and enhanced flexibility in attracting and fulfilling new business. As a segment, ARS continued to invest in research and development to support enhanced collaboration with customers.

MD&A (cont'd)

AMP experienced notable improvement in Q3 2025 compared to Q3 2024, primarily due to the defense products business continuing deliveries on previously announced contracts and a focus on its footprint optimization to help support profitable growth. Despite disruptions associated with market challenges, management at AMP maintained its focus on operational improvements during Q3 2025 with further initiatives focused on cost reductions and continued to work with key customers to leverage opportunities aligned with its growth initiatives. The defense products business continues to work closely with its suppliers and government partners to mitigate the previously announced delays to its Bandolier program, with deliveries resuming in the final weeks of Q3 2025 and into Q4 2025, with completion expected in early 2026. The rubber molded products operations were impacted by continued volume softness related to the original equipment manufacturers ("OEMs") shuttering production due to the evolving impact of tariffs in the automotive sector. This business continued its focus on managing costs and a commitment to drive efficiencies and best-in-class automation, as well as diversification of its product lines into adjacent sectors.

The Company's long-term priorities consist of the following:

1. Growing the core Rubber Solutions segment by emphasizing rubber compounding as the core driver for sustainable growth and productivity, focusing on innovation in custom rubber compounding while aiming to expand market share through organic and inorganic means, while striving to achieve enhanced diversification by a broadening of product breadth through technological advancements and investments in specialty compound niches;
2. Manufactured Products' growth strategy will be focused on diversifying and expanding its range of rubber molded products while simultaneously narrowing the range of defense products through a renewed focus on core competencies; and
3. Executing the strategic review of all product lines currently manufactured and sold by the Company in its Manufactured Products segment while targeting additional acquisition opportunities with a focus on adding new compounds and products, technical capabilities, and geographic reach into selected North American and international markets.

AirBoss continues to focus on these long-term priorities while investing in core areas of the business to expand a solid foundation that will support long-term growth.

RESULTS OF OPERATIONS - For the three- and nine-month period ended September 30, 2025 compared to 2024

NET SALES

Consolidated net sales for Q3 2025 increased by 4.4% to \$100,420 compared with Q3 2024, and for 2025 year-to-date increased by 3.1% to \$304,166 compared with 2024 year-to-date. The increases were primarily due to higher volumes at AMP partially offset by lower sales at Rubber Solutions.

Three-months ended September 30 <i>In thousands of US dollars</i>		Rubber Solutions	Manufactured Products	Inter-segment net sales	Total
Net Sales	2025	51,513	58,134	(9,227)	100,420
	2024	54,532	45,507	(3,835)	96,204
Increase (decrease) \$		(3,019)	12,627	(5,392)	4,216
Increase (decrease) %		(5.5)	27.7	140.6	4.4

Nine-months ended September 30 <i>In thousands of US dollars</i>		Rubber Solutions	Manufactured Products	Inter-segment net sales	Total
Net Sales	2025	159,480	166,752	(22,066)	304,166
	2024	179,002	128,528	(12,469)	295,061
Increase (decrease) \$		(19,522)	38,224	(9,597)	9,105
Increase (decrease) %		(10.9)	29.7	77.0	3.1

Rubber Solutions

Net sales in the Rubber Solutions segment for Q3 2025 decreased by 5.5% to \$51,513, from \$54,532 in Q3 2024. Volume decreased by 7.9% with decreases in most sectors. Tolling volume was down 43.8% while non-tolling volume was down 6.7%. In tolling applications, the Company only realizes net sales on the provision of compounding services for customer-supplied material, versus non-tolling where AirBoss also supplies the raw material inputs that are reflected in net sales.

Net sales in the Rubber Solutions segment for 2025 year-to-date decreased by 10.9% to \$159,480, from \$179,002 for 2024 year-to-date. Volume was down 15.2% with decreases across the majority of sectors and continued signs of softness with many customers' operations. Year-to-date tolling volume was down 58.4% while non-tolling was down 13.6%.

Manufactured Products

Net sales in the Manufactured Products segment for Q3 2025 increased by 27.7% to \$58,134, from \$45,507 in Q3 2024. The increase was mainly due to improved sales in the defense products business in addition to improved sales in the rubber molded

MD&A (cont'd)

products business. Within the rubber molded products business there were improvements in both the non-automotive products and the automotive business driven by higher volumes in light truck and SUV platforms.

Net sales in the Manufactured Products segment for 2025 year-to-date increased by 29.7% to \$166,752, from \$128,528 for 2024 year-to-date. The increase was due to improved volumes in the defense products business, partially offset by weaker volumes in the rubber molded products business, specifically in the SUV and light truck platforms.

GROSS PROFIT

Consolidated gross profit for Q3 2025 increased by \$414 to \$16,477, compared with Q3 2024, driven by improved volume and mix at AMP, specifically in the defense products business, as well as improvements in the rubber molded products operations partially offset by softness across most ARS customer sectors. Gross profit as a percentage of net sales decreased to 16.4% in Q3 2025 compared with 16.7% for Q3 2024, primarily due to softness and unfavorable product mix at ARS partially offset by improved volume and mix at AMP.

Consolidated gross profit for 2025 year-to-date increased by \$12,429 to \$51,128 compared with 2024 year-to-date, driven primarily by volume improvements at AMP along with a \$6,049 inventory write-down from gowns and gloves in the comparative period, partially offset by volume softness and unfavorable mix and ARS. Gross profit as a percentage of net sales increased to 16.8% for 2025 year-to-date compared with 13.1% for 2024 year-to-date. This increase was primarily driven by volume improvements at AMP's defense products business and rubber molded products business partially offset by volume reductions and reduced margins due to mix at ARS.

Three-months ended September 30		Rubber Solutions	Manufactured Products	Total
<i>In thousands of US dollars</i>				
Gross Profit	2025	6,285	10,192	16,477
	2024	8,260	7,803	16,063
Increase (decrease) \$		(1,975)	2,389	414
% of net sales	2025	12.2	17.5	16.4
	2024	15.1	17.1	16.7

Nine-months ended September 30		Rubber Solutions	Manufactured Products	Total
<i>In thousands of US dollars</i>				
Gross Profit	2025	21,369	29,759	51,128
	2024	29,562	9,137	38,699
Increase (decrease) \$		(8,193)	20,622	12,429
% of net sales	2025	13.4	17.8	16.8
	2024	16.5	7.1	13.1

Rubber Solutions

Gross profit at Rubber Solutions for Q3 2025 decreased by 23.9% to \$6,285 (12.2% of net sales), from \$8,260 (15.1% of net sales) for Q3 2024. The decrease was due to unfavorable mix and lower volume across most customer sectors driven by market softness and economic uncertainty partially offset by managing controllable overhead costs and continuous improvement initiatives.

Gross profit at Rubber Solutions for 2025 year-to-date decreased by 27.7% to \$21,369 (13.4% of net sales), from \$29,562 (16.5% of net sales) for 2024 year-to-date, primarily as a result of lower volumes and unfavorable product mix due to overall softness in the industry partially offset by managing controllable overhead costs.

Manufactured Products

Gross profit at the Manufactured Products segment for Q3 2025 increased to \$10,192 from \$7,803 in Q3 2024. This was primarily the result of improvements in the defense products business, operational cost improvements and reduced overhead costs executed in the quarter, in addition to favorable volume and product mix in the rubber molded products business.

Gross profit at the Manufactured Products segment for 2025 year-to-date increased to \$29,759 from \$9,137 for 2024 year-to-date. This increase was primarily a result of favorable volume and product mix in the defense product lines in addition to a \$6,049 inventory write-down from gowns and gloves in the comparative period. In addition, there was pronounced softness in the rubber molded products operations in the first half of the year as the OEMs continue to manage automobile inventory levels resulting in lower vehicle production, partially offset by a continued focus on controllable operational cost containment and cost optimization.

MD&A (cont'd)

OPERATING EXPENSES

Consolidated operating expenses for Q3 2025 increased by \$1,905 compared with the prior year, due to \$1,161 of restructuring costs and a \$1,711 asset impairment charge, partially offset by lower administrative costs. Consolidated operating expenses for 2025 year-to-date decreased by \$1,309 due to a \$3,700 legal settlement, lower administrative costs, and a larger foreign exchange gain partially offset by the asset impairment charge noted above, higher restructuring costs and higher selling costs related to defense products.

Three-months ended September 30 <i>In thousands of US dollars</i>		Rubber Solutions	Manufactured Products	Unallocated Corporate Costs	Total
Operating Expenses	2025	4,268	9,822	2,638	16,728
	2024	4,305	7,589	2,929	14,823
Increase (decrease) \$		(37)	2,233	(291)	1,905
% of net sales	2025	8.3	16.9	N/A	16.7
	2024	7.9	16.7	N/A	15.4

Nine-months ended September 30 <i>In thousands of US dollars</i>		Rubber Solutions	Manufactured Products	Unallocated Corporate Costs	Total
Operating Expenses	2025	12,140	22,575	8,541	43,256
	2024	12,337	22,851	9,377	44,565
Increase (decrease) \$		(197)	(276)	(836)	(1,309)
% of net sales	2025	7.6	13.5	N/A	14.2
	2024	6.9	17.8	N/A	15.1

Rubber Solutions

Rubber Solutions' operating expenses for Q3 2025 decreased by \$37 to \$4,268 due to lower administrative costs and a smaller foreign exchange loss, partially offset by restructuring costs of \$399.

Rubber Solutions' operating expenses for 2025 year-to-date decreased by \$197 to \$12,140 due to lower administrative costs, partially offset by restructuring costs of \$399 and a smaller foreign exchange gain.

Manufactured Products

Manufactured Products' operating expenses for Q3 2025 increased by \$2,233 to \$9,822 due to restructuring costs of \$762 and a \$1,711 asset impairment charge, partially offset by lower amortization expense.

Manufactured Products' operating expenses for 2025 year-to-date decreased by \$276 to \$22,575 due to a \$3,700 legal settlement, a larger foreign exchange gain and lower amortization expense, partially offset by a \$1,711 asset impairment charge, and higher selling costs related to defense products.

Unallocated Corporate Costs

Unallocated corporate costs for Q3 2025 decreased by \$291 to \$2,638 due to lower administrative costs, partially offset by a foreign exchange loss compared to a gain in the comparative period.

Unallocated corporate costs for 2025 year-to-date decreased by \$836 to \$8,541 due to lower administrative costs and a smaller foreign exchange loss.

FINANCE COSTS

Finance costs for the three- and nine-month periods ended September 30, 2025 were \$2,445 (2024: \$3,767) and \$7,890 (2024: \$9,619). The decreases were primarily due to lower overall borrowings, lower interest rates under the new revolving credit facility, and losses in the comparative period related to interest rate swaps.

INCOME TAX EXPENSE

The Company recorded an income tax expense of \$206 in Q3 2025 (Q3 2024: \$752) and a 2025 year-to-date income tax expense of \$1,027 (2024: \$2,289). The effective tax rates are not consistent with statutory rates due to not recognizing all future tax assets in certain jurisdictions.

PROFIT AND EARNINGS PER SHARE

The quarter's loss totaled \$2,902 for Q3 2025, compared with a loss of \$3,279 for Q3 2024. Basic and fully diluted earnings (loss) per share in Q3 2025 were \$(0.11) compared with \$(0.12) for Q3 2024. The year-to-date loss totaled \$1,045 for 2025, compared with a loss of \$17,774 for 2024. Basic and fully diluted earnings (loss) per share for 2025 year-to-date was \$(0.04) compared with \$(0.66) for 2024 year-to-date. The decreased loss is primarily due to higher gross profit at AMP's defense products business, lower finance costs, and reduced tax expense.

QUARTERLY INFORMATION

Quarter Ended	Net Sales	Profit	Earnings per share	
			Basic	Diluted
<i>In thousands of US dollars</i>				
2025				
September 30, 2025	100,420	(2,902)	(0.11)	(0.11)
June 30, 2025	98,637	2,265	0.08	0.08
March 31, 2025	105,109	(408)	(0.02)	(0.02)
2024				
December 31, 2024	91,963	(2,616)	(0.10)	(0.10)
September 30, 2024	96,204	(3,279)	(0.12)	(0.12)
June 30, 2024	95,367	(9,568)	(0.35)	(0.35)
March 31, 2024	103,490	(4,927)	(0.18)	(0.18)
2023				
December 31, 2023	92,696	(35,958)	(1.33)	(1.33)

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company expects to fund its remaining 2025 operating cash requirements, including required working capital investments, capital expenditures and scheduled debt repayments from cash on hand, cash flow from operations and its committed borrowing facilities. The Company's revolving credit facility provides financing up to \$125,000 with a \$25,000 accordion. \$41,311 was drawn under this facility as at September 30, 2025.

During 2025, cash of \$28,082 was provided by operating activities, (2024: \$4,485 provided), \$7,630 was used by investing activities (2024: \$7,486 used), and \$16,959 was used by financing activities (2024: \$12,781 used). Cash and cash equivalents increased by \$3,681 from \$6,491 to \$10,172, adjusted for the effect of exchange rate fluctuations on cash held.

Operating activities

Cash provided by operating activities increased by \$23,597 compared with 2024. The increase was primarily due to \$15,165 of lower working capital and increased profitability.

Cash provided by working capital for 2025 changed to \$8,438 (2024: consumed \$6,727) as a result of the following factors:

- Cash used for accounts receivable was \$2,716, due to higher sales at the Manufactured Products segment, partially offset by lower sales at the Rubber Solutions segment.
- Cash used for inventory was \$2,315, primarily due to contracts for defense products within the Manufactured Products segment.
- Cash provided by accounts payable was \$16,081 primarily related to additional activity in the Manufactured Products segment.
- Cash used for provisions was \$2,770 primarily related to the payout of a legal settlement, restructuring costs, and preferred share units.

Investing activities

Property, Plant and Equipment

During 2025 year-to-date, the Company invested \$6,911 in capital equipment as follows:

- Rubber Solutions invested \$3,165, with \$283 spent on growth initiatives, and the balance on cost savings and sustaining existing property, plant and equipment; and
- Manufactured Products segment invested \$3,746, with \$1,061 spent on growth initiatives and the balance on cost savings and sustaining existing property, plant and equipment.

Intangible Assets

During 2025 year-to-date, the Company invested \$719 in intangible assets for financial reporting and productivity software.

MD&A (cont'd)

Financing activities

The Company has a revolving credit facility permitting maximum borrowings of up to \$125,000 with a \$25,000 accordion. In January 2025, the facility was modified from a maximum borrowing of \$100,000 with a \$50,000 accordion, with all other terms unchanged. In June 2025, the facility was modified to exclude insured letters of credit from the calculation of excess availability. In July 2025, the revolving credit facility and term loan were amended to extend the deadline to add back certain costs for earnings covenants.

As of September 30, 2025, the total available borrowing capacity under this facility was \$76,421, which includes surplus cash of \$172, with \$41,311 drawn from outstanding borrowings of \$40,996 and \$315 worth of letters of credit (December 31, 2024: \$79,428 available and \$52,665 drawn).

The revolving credit facility requires the Company to meet minimum earnings and liquidity metrics. Meeting these requirements is dependent upon achieving revenue forecasts, reducing costs and improvements to working capital. In the event of non-compliance, the lenders have a right to demand repayment of the amounts outstanding or pursue other remedies if the Company cannot reach an agreement to amend or waive the covenants. As in the past, the Company monitors its compliance with the covenants and will seek waivers and amendments, subject to lender approval as may become necessary from time to time.

During 2025 year-to-date, the Company repaid \$11,354 under the revolving credit facility (2024: repaid \$7,050) and paid \$2,041 (2024: \$1,898) of principal payments for its lease obligations.

The Company paid dividends of \$2,029 during 2025 year-to-date (2024: \$3,487).

Government assistance

Scientific research and investment tax credits of \$229 (2024: \$68) were recognized in the quarter and research and development costs were reduced accordingly; year-to-date: \$423 (2024: \$361).

Dividends

A quarterly dividend of CAD \$0.035 per share was declared on August 7, 2025 and paid on October 15, 2025. Total annual dividends declared during 2024 were CAD \$0.175 per common share. On November 5, 2025, the Company declared a quarterly dividend of CAD \$0.035 per common share, payable on January 15, 2026 to shareholders of record as at December 31, 2025.

TRANSACTIONS WITH RELATED PARTIES

During the quarter, the Company paid \$46 (2024: \$42) to companies controlled by the Chairman of the Company for use of office facilities; year-to-date: \$125 (2024: \$127).

In July 2023, the Company agreed to forgive CAD \$591 of loans due from the President & Co-Chief Executive Officer by 12.5% per annum. The loans bear interest at 2% and 51,178 shares of the Company, having a fair value of CAD \$262, were pledged as collateral on these loans. At September 30, 2025, CAD \$369 remains outstanding under the loans (December 31, 2024, CAD \$443).

At September 30, 2025, loans to officers totaling \$269, including accrued interest, are included in Other Assets on the consolidated statement of financial position (\$312 at December 31, 2024). All loans are due upon the earlier of: a) the disposition date of all or proportionate to any part of the pledged securities; b) termination of employment; and c) maturity. All share purchase loans are full recourse and interest is due and payable semi-annually. During the quarter, interest revenue of nil (2024: nil) was received; year-to-date: \$3 (2024: \$4).

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in Note 3 to the annual consolidated financial statements for the year ended December 31, 2024, have been applied consistently to all periods presented in the interim condensed consolidated financial statements for the period ended September 30, 2025.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the most recent quarter, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FINANCIAL INSTRUMENTS

Foreign exchange hedge

At September 30, 2025, the Company had contracts to sell \$10,165 from October 2025 to May 2026 for Canadian dollars ("CAD") \$14,000. The fair values of these contracts, representing an unrealized loss of \$109, are included in trade and other payables, including derivatives on the interim condensed consolidated statement of financial position. During the quarter, the unrealized changes in fair value, representing a loss of \$324 (2024: gain of \$302), are recorded on the interim condensed consolidated statement of loss and comprehensive loss as other income (expense); year-to-date: loss of \$108 (2024: gain of \$79).

At December 31, 2024, the Company had contracts to sell \$14,486 from January 2025 to September 2025 for CAD \$20,000. The fair value of these contracts, representing an unrealized loss of \$586, are included in trade and other payables, including derivatives on the consolidated statement of financial position.

MD&A (cont'd)

Interest rate swap

The Company's interest rate swap agreement for a notional amount of \$20,000, matured in May 2025. Swap interest is calculated and settled on a monthly basis based on the difference between the floating rate of USD SOFR and a fixed rate of 3.84%.

During the quarter, interest cost recovery from the swap agreements was nil (2024: \$140); year-to-date \$42 (2024: \$426).

During the quarter, the change in the fair value was nil (2024: loss of \$274); year-to-date: loss of \$38 (2024: loss of \$181). The change in the fair value is recorded on the interim condensed consolidated statement of loss and comprehensive loss as finance costs. The Company entered into interest rate swap agreements in order to fix the interest rate on a portion of its borrowings and does not hold them for trading or speculative purposes.

Share price hedge

The Company uses hedging arrangements to reduce its exposure from the change in share price on its share-based compensation costs. At September 30, 2025, the fair value of these agreements, representing a loss of \$347 (loss of \$535 as at December 31, 2024) is included in trade and other payables, including derivatives on the interim condensed consolidated statement of financial position. The change in fair value, representing an unrealized gain of \$76 (2024: loss of \$82) is recorded on the interim condensed consolidated statement of loss and comprehensive loss as other expenses; year-to-date: gain of \$209 (2024: gain of \$57). During the quarter, the realized loss from the swap agreements was \$10 (2024: loss of \$13); year-to-date: loss of \$33 (2024: loss of \$46).

November 5, 2025