

## Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of the Company for the three- and nine-month periods ended September 30, 2025 and September 30, 2024 have been prepared by the Company's management. The Company's auditors have not performed a review of these interim condensed consolidated financial statements.

Dated this November 5, 2025

## Interim Condensed Consolidated Statement of Financial Position

Unaudited

<i>In thousands of US dollars</i>	<i>Note</i>	<b>September 30, 2025</b>	December 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,172	6,491
Trade and other receivables	4	72,289	69,508
Prepaid expenses		6,504	6,637
Inventories	5	59,451	57,136
Current income taxes receivable	11	3,119	2,195
<b>Total current assets</b>		<b>151,535</b>	141,967
<b>Non-current assets</b>			
Property, plant and equipment	14	80,142	83,927
Intangible assets		66,595	71,219
Deferred income tax assets	11	9,702	9,702
Other assets		2,657	2,713
<b>Total non-current assets</b>		<b>159,096</b>	167,561
<b>Total assets</b>		<b>310,631</b>	309,528
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current portion of loans and borrowings	6	5,878	5,002
Trade and other payables, including derivatives	7	73,626	57,534
Provisions	8	1,543	198
Current income taxes payable	11	1,766	552
<b>Total current liabilities</b>		<b>82,813</b>	63,286
<b>Non-current liabilities</b>			
Loans and borrowings	6	97,697	112,388
Employee benefits	13	385	385
Other payables		129	118
Provisions	8	3,133	4,264
Deferred income tax liabilities	11	2,811	3,077
<b>Total non-current liabilities</b>		<b>104,155</b>	120,232
<b>Total liabilities</b>		<b>186,968</b>	183,518
<b>EQUITY</b>			
Share capital	9	88,082	87,992
Contributed surplus	9	7,117	6,469
Retained earnings		28,464	31,549
<b>Total equity</b>		<b>123,663</b>	126,010
<b>Total liabilities and equity</b>		<b>310,631</b>	309,528

The notes on pages 16 to 23 are an integral part of these interim condensed consolidated financial statements.

On behalf of the Board



**P.G. Schoch**  
Director



**Robert L. McLeish**  
Director

## Interim Condensed Consolidated Statement of Loss and Comprehensive Loss

Unaudited

<b>For the three- and nine-month periods ended September 30</b>		<b>Three-month</b>		<b>Nine-month</b>	
<i>In thousands of US dollars, except per share amounts</i>	<i>Note</i>	<b>2025</b>	2024	<b>2025</b>	2024
Net sales		<b>100,420</b>	96,204	<b>304,166</b>	295,061
Cost of sales		<b>(83,943)</b>	(80,141)	<b>(253,038)</b>	(256,362)
<b>Gross profit</b>		<b>16,477</b>	16,063	<b>51,128</b>	38,699
General and administrative expenses		<b>(10,617)</b>	(12,226)	<b>(33,983)</b>	(36,496)
Selling and marketing expenses		<b>(2,275)</b>	(1,453)	<b>(8,014)</b>	(4,796)
Research and development expenses		<b>(952)</b>	(947)	<b>(2,450)</b>	(2,524)
Other expenses (income)	14	<b>(2,884)</b>	(197)	<b>1,191</b>	(749)
		<b>(16,728)</b>	(14,823)	<b>(43,256)</b>	(44,565)
<b>Results from operating activities</b>		<b>(251)</b>	1,240	<b>7,872</b>	(5,866)
Finance costs	6, 7	<b>(2,445)</b>	(3,767)	<b>(7,890)</b>	(9,619)
<b>Loss before income tax</b>		<b>(2,696)</b>	(2,527)	<b>(18)</b>	(15,485)
Income tax expense	11	<b>(206)</b>	(752)	<b>(1,027)</b>	(2,289)
<b>Loss and comprehensive loss</b>		<b>(2,902)</b>	(3,279)	<b>(1,045)</b>	(17,774)
<b>Loss per share:</b>					
Basic	10	<b>(0.11)</b>	(0.12)	<b>(0.04)</b>	(0.66)
Diluted	10	<b>(0.11)</b>	(0.12)	<b>(0.04)</b>	(0.66)

The notes on pages 16 to 23 are an integral part of these interim condensed consolidated financial statements.

## Interim Condensed Consolidated Statement of Changes in Equity

Unaudited

In thousands of US dollars	Attributable to equity holders of the Company			
	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at January 1, 2024	87,992	5,480	55,385	148,857
Loss and comprehensive loss for the period	—	—	(17,774)	(17,774)
<b>Contributions by and distributions to owners</b>				
Share-based compensation expense	—	758	—	758
Stock options forfeited	—	(33)	—	(33)
Dividends to equity holders	—	—	(2,786)	(2,786)
Total contributions by and distributions	—	725	(2,786)	(2,061)
Balance at September 30, 2024	87,992	6,205	34,825	129,022
Balance at January 1, 2025	87,992	6,469	31,549	126,010
Loss and comprehensive loss for the period	—	—	(1,045)	(1,045)
<b>Contributions by and distributions to owners</b>				
Share-based compensation expense	—	899	—	899
Settlement of deferred share units	90	(104)	—	(14)
Stock options forfeited	—	(147)	—	(147)
Dividends to equity holders	—	—	(2,040)	(2,040)
Total contributions by and distributions	90	648	(2,040)	(1,302)
Balance at September 30, 2025	88,082	7,117	28,464	123,663

The notes on pages 16 to 23 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

Unaudited

For the nine-month period ended September 30

In thousands of US dollars	Note	2025	2024
<b>Cash flows from operating activities</b>			
Loss		(1,045)	(17,774)
<b>Adjustments for:</b>			
Depreciation		9,271	9,655
Amortization of intangible assets		5,572	6,169
Asset impairment	14	1,711	—
Write-down of inventory	5	—	6,049
Finance costs	6, 7	7,890	9,619
Unrealized foreign exchange (gains) losses		(47)	(270)
Share-based payment expense	8, 9	1,420	1,062
SRED tax credits		(423)	(361)
Income tax expense	11	1,027	2,289
Restructuring and legal provisions	8, 14	1,911	—
Other		38	51
		<b>27,325</b>	<b>16,489</b>
Change in inventories		(2,315)	(3,012)
Change in trade and other receivables		(2,716)	(1,888)
Change in prepaid expenses		158	(1,279)
Change in trade and other payables		16,081	246
Change in provisions	8	(2,770)	(794)
Net change in non-cash working capital balances		<b>8,438</b>	<b>(6,727)</b>
Interest paid		(7,078)	(8,627)
Income tax paid		(603)	3,350
<b>Net cash provided by operating activities</b>		<b>28,082</b>	<b>4,485</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of asset		—	14
Acquisition of property, plant and equipment		(6,911)	(6,825)
Acquisition of intangible assets		(719)	(675)
<b>Net cash used in investing activities</b>		<b>(7,630)</b>	<b>(7,486)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	6	(1,375)	—
Proceeds from (repayment of) operating line of credit	6	(11,354)	(7,050)
Principal payments for lease liabilities		(2,041)	(1,898)
Debt refinancing costs		(149)	(350)
Exercise of deferred share units (net of withholding taxes)		(14)	—
Interest received on share purchase loans	16	3	4
Dividends paid	9	(2,029)	(3,487)
<b>Net cash used in financing activities</b>		<b>(16,959)</b>	<b>(12,781)</b>
<b>Net change in cash and cash equivalents</b>		<b>3,493</b>	<b>(15,782)</b>
Cash and cash equivalents at January 1		6,491	28,989
Effect of exchange rate fluctuations on cash held		188	67
<b>Cash and cash equivalents at September 30</b>		<b>10,172</b>	<b>13,274</b>

The notes on pages 16 to 23 are an integral part of these interim condensed consolidated financial statements.

## Notes to Interim Condensed Consolidated Financial Statements ("CFS")

**For the three- and nine-month periods ended September 30, 2025 and September 30, 2024**

*(Amounts in thousands of US dollars ("USD"), except per share amounts, unless otherwise specified)*

**NOTE 1 REPORTING ENTITY**

AirBoss of America Corp. is a public company listed on the Toronto Stock Exchange and cross-traded on the OTCQX® Best Market in the United States, and incorporated and domiciled in Ontario. Its registered office is located at 16441 Yonge Street, Newmarket, Ontario, Canada. AirBoss of America Corp. and its subsidiaries are together referred to, in these interim condensed consolidated financial statements, as the "Company" or "AirBoss". The Company has operations in Canada and the US and is involved primarily in the manufacture of high-quality rubber-based products for resource, military, automotive and industrial markets (see note 15).

Subsidiaries are consolidated based on control, which is assessed on whether the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

**List of Subsidiaries**

Set out below is a list of operating subsidiaries of the Company.

<b>Operating Subsidiaries</b>	<b>Jurisdiction</b>	<b>Ownership %</b>
Ace Elastomer, LLC ("ACE")	South Carolina	100%
AirBoss Defense Group Ltd. ("ADG Canada")	Quebec	100%
AirBoss Defense Group, LLC ("ADG USA")	Delaware	100%
AirBoss Flexible Products, LLC ("AFP")	Michigan	100%
AirBoss GmbH	Germany	100%
AirBoss Rubber Compounding (NC), LLC ("ANC")	North Carolina	100%
AirBoss Silicone, LLC	Michigan	100%
Blackbox Biometrics, Inc. ("B3")	New York	100%
Critical Solutions International, LLC ("CSI")	Texas	100%
SunBoss Chemicals Corp.	Ontario	100%

**NOTE 2 BASIS OF PREPARATION****Statement of compliance**

The interim condensed consolidated financial statements should be read in conjunction with the Company's 2024 audited annual consolidated financial statements and accompanying notes.

The consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If this assumption was not appropriate as at September 30, 2025, material adjustments to the carrying value of the assets and liabilities would be necessary. The Company's 2024 audited annual consolidated financial statements and accompanying notes identify events and conditions that indicated a material uncertainty exists regarding the Company's ability to continue as a going concern. These events and conditions are still present as at September 30, 2025.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2025.

**NOTE 3 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 these interim condensed consolidated financial statements.

### NOTE 4 TRADE AND OTHER RECEIVABLES

	September 30, 2025	December 31, 2024
Trade receivables	72,032	68,035
Less: expected credit loss	(468)	(187)
	71,564	67,848
Other receivables	725	1,660
	72,289	69,508

#### Impairment losses

The aging of trade receivables at the reporting date was:

	September 30, 2025		December 31, 2024	
	Gross	Impairment	Gross	Impairment
Within terms	59,518	—	50,170	—
Past due 0-30 days	8,920	—	12,011	—
Past due 31-120 days	3,594	(468)	5,854	(187)
	72,032	(468)	68,035	(187)

The continuity of the allowance for doubtful accounts was:

	September 30, 2025	December 31, 2024
Balance at January 1	(187)	(669)
Impairment loss recognized	(375)	(120)
Collected	—	94
Written-off	94	508
Balance	(468)	(187)

### NOTE 5 INVENTORIES

	September 30, 2025	December 31, 2024
Raw materials and consumables	37,140	38,028
Work in progress	10,434	7,271
Finished goods	22,750	23,214
Inventory in transit	295	1,896
	70,619	70,409
Provisions	(11,168)	(13,273)
	59,451	57,136

An inventory charge of \$781 (2024: recovery of \$2,466) was included in cost of sales for the change in provisions. During the quarter ended June 30, 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. The Company has an agreement to sell its remaining inventory of nitrile gloves at its current net book value.

### NOTE 6 LOANS AND BORROWINGS

The Company is not in default under, nor has it breached any terms of, its syndicated credit agreement relating to its revolving credit facilities.

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).

During the quarter, interest expense under the revolving credit facility was \$751 (2024: \$2,942), excluding gains and losses related to its interest rate swap agreement; year-to-date \$2,632 (2024: \$8,404), and interest expense under its term loan was \$1,243 (2024: nil); year-to-date \$3,730 (2024: nil).

**NOTE 7 DERIVATIVES NOT DESIGNATED IN A FORMAL HEDGE RELATIONSHIP****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.

**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).

**NOTE 8 PROVISIONS**

	Legal and Other	Restructuring	PSUs	Payable to former owners of acquired businesses	Total
Balance at January 1, 2024	1,729	351	413	2,651	5,144
Change in fair value of B3 provision	—	—	—	(96)	(96)
Provisions accrued	—	—	252	—	252
Settlements	—	(351)	(137)	(306)	(794)
Foreign exchange	—	—	(44)	—	(44)
Balance at December 31, 2024	1,729	—	484	2,249	4,462
Less: amount due within one year	—	—	(123)	(75)	(198)
Non-current balance at December 31, 2024	1,729	—	361	2,174	4,264
Balance at December 31, 2024	1,729	—	484	2,249	4,462
Change in fair value of B3 provision	—	—	—	398	398
Provisions accrued	750	1,161	668	—	2,579
Settlements	(2,400)	(164)	(129)	(77)	(2,770)
Foreign exchange	1	—	6	—	7
Balance at September 30, 2025	80	997	1,029	2,570	4,676
Less: current portion due within one year	—	(997)	(476)	(70)	(1,543)
Non-current balance at September 30, 2025	80	—	553	2,500	3,133

In 2023, the Company was named a defendant in legal proceedings related to a settlement agreement associated with shipping and demurrage costs owed to a vendor by a former subcontractor of the Company. In April 2025, the Company agreed to settle these legal proceedings. The Company is occasionally named as a party in various claims and legal proceedings, which arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance that any particular claim will be resolved in the Company's favour, management does not believe that the outcome of any claim or potential claims of which it is currently aware will have a material adverse effect on the Company.

# AirBoss of America Corp.

## Notes to CFS (cont'd)

### Performance Stock Units ("PSUs")

The Company has issued 692,933 PSUs to certain executives pursuant to the terms and conditions of the Omnibus Plan. Each PSU entitles the holder to receive on vesting a cash payment equal to the product of (a) the fair market value of a common share as of the vesting date and (b) a performance factor between 0.5 and 1.5, based on the Company's earnings before interest and taxes over the vesting period relative to a predetermined objective. PSUs vest three years following the grant date.

<i>Performance stock units</i>	<b>September 30, 2025</b>	December 31, 2024	September 30, 2024
January 1	<b>315,447</b>	233,460	233,460
New issuances	<b>520,908</b>	128,969	128,969
Forfeitures	<b>(82,787)</b>	(6,648)	(6,648)
Settlements	<b>(60,635)</b>	(40,334)	(40,334)
Balance	<b>692,933</b>	315,447	315,447

During the quarter, the Company recognized costs of \$274 (2024: costs of \$57) related to the PSUs; year-to-date: \$668 (2024: costs of \$337). The Company uses Share Price hedges (see note 7) to offset PSU costs related to the change in share price.

## NOTE 9 CAPITAL AND OTHER COMPONENTS OF EQUITY

### Share Capital and Contributed Surplus

Issued share capital is as follows:

<i>In thousands of shares</i>	<b>September 30, 2025</b>	December 31, 2024	September 30, 2024
January 1	<b>27,131</b>	27,131	27,131
Settlement of deferred share units	<b>18</b>	—	—
Balance	<b>27,149</b>	27,131	27,131

### Capital and other components of equity

#### Contributed surplus

Contributed surplus is comprised of the difference between the book value per share and the purchase price paid for shares acquired for cancellation by the Company and stock-based compensation of employees and non-employees.

#### Stock options outstanding

<i>In thousands of options</i>	<b>September 30, 2025</b>	December 31, 2024	September 30, 2024
Stock options granted and outstanding	<b>2,276</b>	2,111	2,111

### Inputs for measurement of grant date fair values

The grant date fair values of all options were measured based on the Black-Scholes model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are below.

#### Fair value of stock options and assumptions

<i>In Canadian dollars</i>	<b>March 2025</b>	May 2024
Fair value at grant date	<b>\$1.34</b>	\$2.36
Share price at grant date	<b>\$3.79</b>	\$5.79
Exercise price	<b>\$3.84</b>	\$5.91
Expected volatility (weighted average volatility)	<b>52.5%</b>	53.2%
Option life (expected weighted average life)	<b>5 years</b>	5 years
Expected dividends	<b>3.7%</b>	2.4%
Risk-free interest rate (based on government bonds)	<b>2.7%</b>	3.7%

## Notes to CFS (cont'd)

## Deferred Stock Units ("DSUs")

The Company has issued 267,202 DSUs to non-executive directors pursuant to the terms and conditions of the Omnibus Plan. Each vested DSU entitles the holder to receive, on redemption, either: (a) one common share; (b) a cash payment equal to the fair market value of a common share as of the redemption date; or (c) a combination of both cash and common shares, at the sole discretion of the Company. The Company has notified its directors that the redemption of all existing and future DSUs will only be satisfied in common shares. The redemption of a DSU occurs only following the termination of a holder's service as director and will occur on either: (a) a date selected by a recipient following the termination of their services as a director (which can be no earlier than 10 days, and no later than one year, after the service termination date); or (b) a date selected by the Company following the death of the recipient while still serving as director (which can be no later than 90 days following the death of the recipient). DSUs vest three months following the grant date.

<i>Deferred stock units</i>	<b>September 30, 2025</b>	December 31, 2024	September 30, 2024
January 1	<b>217,993</b>	153,239	153,239
New issuances	<b>72,809</b>	64,754	48,827
Settlements	<b>(23,600)</b>	—	—
Balance	<b>267,202</b>	217,993	202,066

## Stock option and DSU expense

During the quarter the Company recognized costs of \$277 (2024: \$244) relating to option grants and DSUs in general and administrative expenses in the interim condensed consolidated statement of loss and comprehensive loss; year-to-date: \$752 (2024: \$725).

## Dividends

Dividends on common shares were paid to shareholders of record in 2025 and 2024 as follows:

<b>Shareholder of record at:</b>	<b>2025</b>		<b>2024</b>	
	<b>\$CAD/share</b>	<b>Date Paid</b>	<b>\$CAD/share</b>	<b>Date Paid</b>
September 30	<b>0.035</b>	<b>October 15, 2025</b>	0.035	October 15, 2024
June 30	<b>0.035</b>	<b>July 15, 2025</b>	0.035	July 15, 2024
March 31	<b>0.035</b>	<b>April 15, 2025</b>	0.070	April 15, 2024

The dividend payable as at September 30, 2025 was \$683 (December 31, 2024: \$660).

**NOTE 10 EARNINGS PER SHARE**

The following table sets forth the calculation of basic and diluted earnings per share:

<b>For the three- and nine-month periods ended September 30</b>	<b>Three-month</b>		<b>Nine-month</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Numerator for basic and diluted earnings per share:				
Net income	<b>(2,902)</b>	(3,279)	<b>(1,045)</b>	(17,774)
Denominator for basic and diluted earnings per share:				
Basic weighted average number of shares outstanding	<b>27,149</b>	27,131	<b>27,143</b>	27,131
Diluted weighted average number of shares outstanding	<b>27,149</b>	27,131	<b>27,143</b>	27,131
Net income per share:				
Basic	<b>(0.11)</b>	(0.12)	<b>(0.04)</b>	(0.66)
Diluted	<b>(0.11)</b>	(0.12)	<b>(0.04)</b>	(0.66)

For the quarter ended September 30, 2025, 2,275,720 options (2024: 2,111,424) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive; year-to-date: 2,275,720 options (2024: 2,111,424). The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

### NOTE 11 INCOME TAXES

For the three- and nine-month periods ended September 30	Three-month		Nine-month	
	2025	2024	2025	2024
Current tax expense:				
Current period	453	727	1,294	2,507
Deferred tax expense:				
Origination and reversal of temporary differences	(247)	25	(267)	(218)
Total income tax expense	206	752	1,027	2,289

### NOTE 12 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).

### NOTE 13 POST RETIREMENT BENEFITS

#### Defined Contribution Plan

During the quarter the Company made contributions of \$437 (2024: \$524) to various retirement savings and 401(k) plans for its employees (defined contribution plans); year-to-date: \$1,298 (2024: \$1,455).

#### Multi-Employer Pension Plan

During the quarter the Company made contributions of \$66 (2024: \$65) to the Steel Workers Pension Trust, a multi-employer defined benefit pension plan; year-to-date: \$199 (2024: \$206).

### NOTE 14 OTHER INCOME AND EXPENSES

#### Litigation

In November 2024, a court ruled in the Company's favor and awarded approximately \$3,500 in damages, plus interest. The Company agreed to settle the matter for \$3,700 which was collected in May 2025 and recorded as Other Income. The Company incurred \$676 in legal fees pursuing this legal action over the course of several years.

#### Restructuring and asset impairment costs

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. On November 4, 2025, the Company agreed to pay \$750 (net of all or a portion of its security deposit of \$270) to terminate the lease of the Jessup property, contingent on the sale of the property by the owner and the Company vacating the property before December 31, 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 right of use asset and leasehold improvements. The recoverable amounts of the impaired assets have been reduced to \$1,069 based on a value in use calculation using a discount rate of 8.0%. In addition, the Rubber Solutions segment incurred restructuring costs of \$399 related to staff reductions.

**NOTE 15 SEGMENTED INFORMATION**

The Company's operating segments are organized into the following reportable segments:

- AirBoss Rubber Solutions ("ARS") - Includes manufacturing and distribution of rubber compounds and distribution of rubber compounding related chemicals.
- AirBoss Manufactured Products ("AMP") - Includes the manufacture and distribution of anti-noise, vibration and harshness dampening parts, and personal protection and safety products, primarily for CBRN-E threats.
- Unallocated Corporate Costs - Includes corporate activities and certain unallocated costs.

ARS consists of AirBoss' custom rubber compounding operations in Kitchener, Ontario; Rock Hill, South Carolina; Scotland Neck, North Carolina; Auburn Hills, Michigan; and Acton Vale, Quebec. AMP consists of the Company's rubber molded product operations in Auburn Hills, Michigan and the Company's defense businesses in Jessup, Maryland; Acton Vale, Quebec; Rochester, New York; and Charleston, South Carolina.

Performance of each reportable segment is measured based on profit before finance costs and income tax, as included in the internal management reports that are reviewed by the Company's Chief Operating Decision Makers: the Chairman & Co-CEO, and President & Co-CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Transfer pricing is based on third-party rates.

Information regarding the results of each reportable segment is included below. Inter-company amounts, which represent items purchased and sold between different segments, have been presented within the segment disclosure and are eliminated to arrive at the consolidated amounts.

Reportable segments Three-months ended September 30	Rubber Solutions		Manufactured Products		Unallocated Corporate Costs		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Segment net sales	51,513	54,532	58,134	45,507	—	—	109,647	100,039
Inter-segment net sales	(5,804)	(3,830)	(3,423)	(5)	—	—	(9,227)	(3,835)
External net sales	45,709	50,702	54,711	45,502	—	—	100,420	96,204
Depreciation, and amortization	2,137	2,061	2,516	3,059	39	60	4,692	5,180
Segment measure of profit (loss)	2,017	3,955	370	214	(2,638)	(2,929)	(251)	1,240
Finance costs							2,445	3,767
Income tax expense							206	752
Profit (loss)							(2,902)	(3,279)
Segment assets <sup>1</sup>	152,688	164,659	148,998	142,781	8,945	2,088	310,631	309,528
Segment liabilities <sup>1</sup>	46,077	41,985	74,661	67,527	66,230	74,006	186,968	183,518
Capital expenditures	1,754	1,584	1,847	640	193	(393)	3,794	1,831

Reportable segments Nine-months ended September 30	Rubber Solutions		Manufactured Products		Unallocated Corporate Costs		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Segment net sales	159,480	179,002	166,752	128,528	—	—	326,232	307,530
Inter-segment sales	(15,372)	(11,875)	(6,694)	(594)	—	—	(22,066)	(12,469)
External net sales	144,108	167,127	160,058	127,934	—	—	304,166	295,061
Depreciation, and amortization	6,359	6,277	8,366	9,367	118	180	14,843	15,824
Segment measure of profit (loss)	9,229	17,225	7,184	(13,714)	(8,541)	(9,377)	7,872	(5,866)
Finance costs							7,890	9,619
Income tax expense							1,027	2,289
Profit (loss)							(1,045)	(17,774)
Segment assets <sup>1</sup>	152,688	164,659	148,998	142,781	8,945	2,088	310,631	309,528
Segment liabilities <sup>1</sup>	46,077	41,985	74,661	67,527	66,230	74,006	186,968	183,518
Capital expenditures	3,165	3,871	3,746	3,613	719	16	7,630	7,500

<sup>1</sup> Comparative figures as at December 31, 2024.

# AirBoss of America Corp.

## Notes to CFS (cont'd)

### Geographical segments

The Company operates manufacturing facilities and sales offices in the US and Canada, selling primarily in North American markets.

In presenting information on the basis of geographical segments, segment net sales are based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Non-current assets include property, plant and equipment, intangible assets, deferred income tax assets, and other assets.

	Net Sales				Non-current assets		
	Three-months ended September 30		Nine-months ended September 30		September 30		December 31
	2025	2024	2025	2024	2025	2024	2024
Canada	15,248	15,484	50,148	55,628	38,027	47,777	46,653
United States	73,085	71,641	211,695	220,095	121,069	119,779	120,908
Other countries	12,087	9,079	42,323	19,338	—	—	—
	100,420	96,204	304,166	295,061	159,096	170,837	167,561

### Major customers

Net sales to one customer represented approximately 9.0% (2024: 10.6%) of the Company's total net sales. Five customers represented 33.8% (2024: 30.9%) of the Company's total net sales.

### Sales by major product

For the three- and nine-month periods ended September 30	Three-month		Nine-month	
	2025	2024	2025	2024
<b>Rubber Solutions</b>				
Tolling	390	683	1,105	2,219
Industrial	6,511	6,239	19,540	23,690
Mixing	38,808	43,780	123,463	141,218
	45,709	50,702	144,108	167,127
<b>Manufactured Products</b>				
Anti-vibration	29,179	28,131	82,964	93,947
Defense	25,532	17,371	77,094	33,987
	54,711	45,502	160,058	127,934
	100,420	96,204	304,166	295,061

## NOTE 16 RELATED PARTIES

### 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).

Corporate Information

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P.G. (Gren) Schoch

President and Co-Chief Executive Officer:

Chris Bitsakakis

Chief Financial Officer:

Frank Ientile