

NEWS RELEASE

MDA REPORTS FIRST QUARTER 2022 RESULTS

- *Strong business activity with backlog growing to \$1.52 billion, up 122% YoY*
- *Steady revenue growth with revenues of \$128.4 million, up 4% YoY*
- *Solid profitability with EBITDA of \$35.6 million (27.7% margin) and adjusted EBITDA excluding non-recurring items of \$27.7 million (21.6% margin)*
- *Key awards include Globalstar's LEO constellation and Phase B of Canadarm3*
- *Subsequent to quarter-end, MDA announced the redemption of its \$150 million second lien notes and refinancing of its revolving credit facility*

Brampton, Ontario (May 11, 2022) -- MDA Ltd. (TSX: MDA), a leading provider of advanced technology and services to the rapidly expanding global space industry, today announced financial results for the first quarter ended March 31, 2022 demonstrating strong order bookings, growing backlog and solid profitability.

"With triple digit year over year growth in backlog, strong margins, and healthy operating cash flow in the first quarter, MDA is building momentum with our full focus on delivering for customers and capitalizing on new opportunities" said Mike Greenley, Chief Executive Officer of MDA. "We continue to execute on our strategy and gain market traction with several sizeable wins across the business, including Globalstar's LEO constellation and Phase B of Canadarm3. As we enter our second year as a public company, we are energized by the recent progress and highly focused on growing the business and strengthening our position in core markets."

FIRST QUARTER HIGHLIGHTS

- Backlog of \$1.52 billion was up 122% year over year driven by sizeable awards across MDA's business areas, primarily Globalstar's LEO constellation award (~\$415 million contract) in our Satellite Systems business, and Phase B of Canadarm3 award (\$269 million contract) in our Robotics & Space Operations business.
- Revenues of \$128.4 million were up 4% compared to Q1 2021 driven by increased work volume, primarily in our Robotics & Space Operations business.
- EBITDA increased to \$35.6 million from \$29.5 million in Q1 2021. Adjusted EBITDA was \$44.5 million compared to \$39.1 million in Q1 2021. Excluding the impact of historical Investment Tax Credits (ITC) claims of \$16.8 million which were recognized in Q1 2022, and Canada Emergency Wage Subsidy (CEWS) income contribution in Q1 2021, adjusted EBITDA was \$27.7 compared to \$29.0 million in Q1 2021 primarily reflecting higher research & development costs in Q1 2022. Adjusted EBITDA margin, excluding the previously mentioned ITC claims and CEWS income, was 21.6% in Q1 2022 compared to 23.5% in Q1 2021.
- Operating cash flow improved to \$14.7 million in the latest quarter, up from \$0.1 million in Q1 2021 reflecting higher net income and lower cash interest expense paid year over year.
- Healthy financial position with net debt to adjusted EBITDA ratio of 0.6x at quarter end.
- Subsequent to quarter-end, MDA announced the redemption of its \$150 million second lien notes (bearing interest at 10% per annum) and refinancing of its revolving credit facility to \$600 million from \$428 million. The refinancing of our debt facilities will allow us to meaningfully reduce our annual interest costs while increasing our borrowing flexibility and preserving sufficient liquidity to fund future growth.

2022 FINANCIAL OUTLOOK

As a leading space technology provider, we are leveraging our capabilities and expertise to execute on specific growth strategies across our end markets and business areas. Underlying industry trends for space continue to be strong and market activity remains robust. We believe our long term future growth pipeline is significant and underpinned by the existing contract awards of our key programs. With Telesat Lightspeed, Canadarm3, the Canadian Surface Combatant and Globalstar programs already under initial contracts, in Q1 we made and are continuing to make significant progress on next-phase contract negotiations, program definition and development, and risk reduction activities. We believe our backlog and recent awards including Globalstar's LEO satellite constellation and Canadarm3 Phase B, provide us with revenue visibility and a strong business foundation for 2022 and beyond.

We continue to monitor developments related to the Covid-19 pandemic and supply chain disruptions which can impact the timing of programs, our overall productivity and ability to engage directly with our customers. We are taking pro-active measures across our three business areas to mitigate the impact on our operations to the extent possible.

Consistent with the outlook provided in Q4 2021, we expect our 2022 revenues to be \$750 – \$800 million, representing robust year over year growth of approximately 55% – 65%, and expect 2022 adjusted EBITDA to be \$140 – \$160 million. The adjusted EBITDA forecast excludes the \$16.8 million amount reported in Q1 2022 related to the resolution of historical ITC claims. Our 2022 forecasts are predicated on continued backlog growth in the first half of 2022, with year over year revenue inflection commencing in the second quarter of 2022 and accelerating throughout the balance of the year. We expect our Q2 2022 revenues to grow by approximately 20% – 25% compared to Q2 2021 levels. We expect capital expenditures in 2022 to be \$180 - \$220 million, primarily comprising of growth investments to support CHORUS and the previously outlined growth initiatives across our three business areas.

FINANCIAL OVERVIEW

KEY INDICATORS SUMMARY

<i>(in millions of Canadian dollars, except for ratios)</i>	First quarters ended	
	March 31, 2022	March 31, 2021
Revenues	\$ 128.4	\$ 123.4
Gross profit	\$ 61.7	\$ 38.4
Gross margin	48.1%	31.1%
EBITDA ⁽¹⁾	\$ 35.6	\$ 29.5
Adjusted EBITDA ⁽¹⁾	\$ 44.5	\$ 39.1
Adjusted EBITDA margin ⁽¹⁾	34.7%	31.7%

	As at	
	March 31, 2022	December 31, 2021
Backlog	\$ 1,516.8	\$ 864.3
Net debt ⁽¹⁾ to Adjusted TTM ⁽²⁾ EBITDA ratio	0.6x	0.4x

⁽¹⁾ As defined in the 'Non-IFRS Financial Measures' section

⁽²⁾ TTM: Trailing twelve months

REVENUES BY BUSINESS AREA

	First quarters ended	
<i>(in millions of Canadian dollars, except for ratios)</i>	March 31, 2022	March 31, 2021
Geointelligence	\$ 48.9	\$ 49.0
Robotics & Space Operations	42.4	34.3
Satellite Systems	37.1	40.1
Consolidated revenues	\$ 128.4	\$ 123.4

Revenues

Consolidated revenues for the first quarter of 2022 were \$128.4 million, representing an increase of \$5.0 million (or 4.1%) compared to the first quarter of 2021. The higher revenues in the quarter were driven by increased work volume, primarily in our Robotics & Space Operations business. By business area, Q1 2022 revenues in Geointelligence of \$48.9 million were in line with prior year's revenues for the same period reflecting steady business activity. Revenues in Robotics & Space Operations of \$42.4 million in Q1 2022 represents an \$8.1 million (or 23.6%) increase year over year, largely driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems of \$37.1 million in the latest quarter were \$3.0 million (or -7.5%) lower compared to the first quarter of 2021 driven primarily by the timing of revenue recognition on programs.

Gross Profit and Gross Margin

Gross profit reflects our revenues less cost of revenues. First quarter 2022 gross profit of \$61.7 million represents a \$23.3 million (or 60.7%) increase over 2021, primarily attributable to higher ITCs income recognized, of which \$16.8 million relates to resolution of historical claims. These ITCs originated from prior years but were not recognized previously due to the uncertainty around the eligibility of the related costs. The remainder of the improvement in gross profit reflects stronger program execution and cost management across all three business areas. Q1 2022 gross margin of 48.1% compared to 31.1% in Q1 of the prior year, primarily driven by the aforementioned \$16.8 million resolution of historical claims as well as stronger program execution and cost management in the quarter.

Adjusted EBITDA and Adjusted EBITDA Margin

For Q1 2022, adjusted EBITDA of \$44.5 million represents an increase of \$5.4 million compared to \$39.1 million in Q1 2021. Adjusted EBITDA margin grew to 34.7% in Q1 2022 from 31.7% in Q1 2021. The increase in adjusted EBITDA is driven by the aforementioned higher gross profit, offset by an increase in our R&D costs of \$6.2 million and the reduction of the Canada Emergency Wage Subsidy (CEWS) income contribution of \$10.1 million. Higher R&D costs in the quarter were driven by higher activity on CHORUS and other technological developments.

Excluding the impact of the historical ITCs claims resolution in Q1 2022 and the CEWS income contribution in Q1 2021, adjusted EBITDA declined to \$27.7 from \$29.0 million driven by an improvement in gross profit of \$6.5 million (exclusive of the impact of the historical claims resolution in Q1 2022) offset by increased R&D spend of \$6.2 million and higher unrealized loss on foreign exchange and financial instruments of \$1.3 million. Adjusted EBITDA margin, excluding the historical ITCs claims resolution and CEWS income, was 21.6% in Q1 2022 compared to 23.5% in Q1 2021.

Adjusted EBITDA, excluding CEWS income and historical ITCs claims resolution, is summarized in the table below.

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2022	March 31, 2021
Adjusted EBITDA	\$ 44.5	\$ 39.1
CEWS income	—	10.1
ITCs claims resolution	16.8	—
Adjusted EBITDA, excluding CEWS and ITCs claims resolution	\$ 27.7	\$ 29.0
Adjusted EBITDA margin, excluding CEWS and ITCs claims resolution	21.6%	23.5%

Backlog

Backlog as at March 31, 2022 was \$1,516.8 million, an increase of \$652.5 million compared to the backlog at December 31, 2021. Backlog growth in Q1 2022 was primarily driven by the new awards related to Globalstar's LEO satellite constellation (~\$415 million contract) and Canadarm3 Phase B (\$269 million contract). The following table shows the build up of backlog for Q1 2022 over Q1 2021.

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2022	March 31, 2021
Opening Backlog	\$ 864.3	\$ 562.5
Less: Revenue recognized	(128.4)	(123.4)
Add: Order Bookings	780.9	245.6
Ending Backlog	\$ 1,516.8	\$ 684.7

CONFERENCE CALL AND WEBCAST

MDA will host a conference call and webcast to discuss these financial results on Wednesday, May 11th at 8:30 am ET. Interested parties can join the call by dialing 416-764-8609 (Toronto area) or 1-888-390-0605 (toll-free North America) or 080-0652-2435 (toll-free international) and entering the conference ID **11244177**. A live webcast of the conference call and an accompanying slide presentation will be available at <https://mda-en.investorroom.com/events-presentations>.

A replay of the conference will be archived on the MDA website following the call. Parties may also access a recording of the call which will be available until May 18, 2022, by dialing 1-888-390-0541 and entering the passcode 244177#.

NON-IFRS FINANCIAL MEASURES

This press release refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, the measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including EBITDA, adjusted EBITDA, Order Bookings and net debt, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not

otherwise be apparent when relying solely on IFRS measures. We define EBITDA as net income (loss) before: i) depreciation of property, plant and equipment and amortization of intangible assets, ii) provision for (recovery of) income taxes, and iii) interest expense and financing costs. Adjusted EBITDA is calculated by adding and deducting, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative

of underlying business performance or impact the ability to assess the operating performance of our business, including i) unrealized foreign exchange loss on foreign currency forward contracts ii) unrealized loss on embedded derivatives iii) restructuring costs iv) impairment of investments, and vi) share based compensation. Adjusted EBITDA as a percentage of revenue represents Adjusted EBITDA divided by revenue. Order Bookings is the dollar sum of contract values of firm customer contracts. Order Bookings is indicative of firm future revenues; however, it does not provide a guarantee of future net income and provides no information about the timing of future revenue. Net debt is the total carrying amount of long-term debt, as presented in the 2021 Audited Financial Statements, less cash. Net debt is a liquidity metric used to determine how well the Company can pay all of its debts if they were due immediately.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to the factors discussed under "Risk Factors" in the Company's Annual Information Form (AIF) dated March 17, 2022 and available on SEDAR at www.sedar.com. MDA does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

ABOUT MDA

Serving the world from its Canadian home and global offices, MDA (TSX:MDA) is an international space mission partner and a robotics, satellite systems and geointelligence pioneer with a 50-year story of firsts on and above the Earth. With over 2,400 staff across Canada, the US and the UK, MDA is a leading partner in the pursuit of viable Moon colonies, enhanced Earth observation, communication in a hyper-connected world, and more. MDA has a track record of making space ambitions come true, and enables highly skilled people to continually push boundaries, tackle big challenges, and imagine solutions that inspire and endure to change the world for the better, on the ground and in the stars. For more information about the Company, please visit www.mda.space.

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MDA Ltd.

Consolidated Statement of Comprehensive Income (Loss)

For the three months ended March 31, 2022 and 2021

(In millions of Canadian dollars except per share figures)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue	\$ 128.4	\$ 123.4
Cost of revenue		
Materials, labour and subcontractors	(60.9)	(79.1)
Depreciation and amortization of assets	(5.8)	(5.9)
Gross profit	61.7	38.4
Operating expenses		
Selling, general and administration	(14.3)	(14.1)
Research and development, net	(8.5)	(2.3)
Amortization of intangible assets	(14.0)	(13.6)
Share-based compensation	(1.6)	(3.6)
Operating income (loss)	23.3	4.8
Other income (expenses)		
Government grant income	—	10.1
Unrealized loss on financial instruments	(5.3)	(2.0)
Foreign exchange loss	(2.2)	(2.9)
Finance costs	(4.3)	(10.4)
Income (loss) before taxes	11.5	(0.4)
Income tax expense	(3.1)	(1.2)
Net income (loss)	8.4	(1.6)
Other comprehensive income (loss)		
Gain (loss) on translation of foreign operations	0.4	(3.3)
Total comprehensive income (loss)	\$ 8.8	\$ (4.9)
Earnings (loss) per share:		
Basic	\$ 0.07	\$ (0.02)
Diluted	0.07	(0.02)
Weighted-average common shares outstanding:		
Basic	118,691,628	83,134,927
Diluted	124,153,386	91,242,276

MDA Ltd.

Consolidated Statement of Financial Position

March 31, 2022

(In millions of Canadian dollars)

As at	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash	\$ 59.5	\$ 83.6
Trade and other receivables	83.7	92.6
Unbilled receivables	90.1	83.7
Inventories	8.0	8.0
Income taxes receivable	14.3	13.1
Other current assets	12.6	12.8
	268.2	293.8
Non-current assets:		
Property, plant and equipment	131.2	109.9
Right-of-use assets	12.7	14.8
Intangible assets	567.3	571.2
Goodwill	419.9	419.9
Deferred income tax assets	17.7	19.3
Other non-current assets	130.6	105.7
Total assets	\$ 1,547.6	\$ 1,534.6
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 72.4	\$ 71.3
Income taxes payable	12.5	11.8
Contract liabilities	102.6	91.5
Current portion of net employee benefit payable	34.5	38.8
Current portion of lease liabilities	7.8	7.9
Other current liabilities	5.8	4.6
	235.6	225.9
Non-current liabilities:		
Net employee defined benefit payable	34.3	33.8
Lease liabilities	5.9	7.8
Long-term debt	144.9	144.7
Deferred income tax liabilities	154.4	158.4
Other non-current liabilities	2.4	2.3
Total liabilities	577.5	572.9
Shareholders' equity		
Common shares	950.7	950.7
Contributed surplus	18.5	16.9
Accumulated other comprehensive income	8.9	8.5
Deficit	(8.0)	(14.4)
Total equity	970.1	961.7
Total liabilities and equity	\$ 1,547.6	\$ 1,534.6

MDA Ltd.

Consolidated Statement of Cash Flows

For the three months ended March 31, 2022 and 2021

(In millions of Canadian dollars)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash flows from operating activities		
Net income (loss)	\$ 8.4	\$ (1.6)
Items not affecting cash:		
Income tax expense	3.1	1.2
Depreciation of property, plant and equipment	2.5	2.3
Depreciation of right-of-use assets	2.1	2.6
Amortization of intangible assets	15.2	14.6
Share-based compensation expense	1.6	3.6
Investment tax credits accrued during the period	(22.7)	(2.4)
Finance costs	4.3	10.4
Unrealized loss on financial instruments	5.3	2.0
Changes in operating assets and liabilities		
Trade and other receivables	8.9	(29.9)
Unbilled receivables	(6.4)	0.7
Inventories	—	0.2
Prepaid and advances to suppliers	(11.7)	(1.7)
Other assets	0.7	(1.5)
Trade and other payables	(2.4)	2.9
Contract liabilities	11.1	10.8
Employee benefits	(3.9)	5.5
Other liabilities	(1.4)	(9.1)
	14.7	10.6
Interest paid	(0.6)	(12.4)
Income tax recovered	0.6	1.9
Net cash from operating activities	14.7	0.1
Cash flows from investing activities		
Purchases/construction of property and equipment	(24.9)	(1.5)
Purchases/development of intangible assets	(12.2)	(8.6)
Net cash used in investing activities	(37.1)	(10.1)
Cash flows from financing activities		
Repayments of long-term debt	—	(5.4)
Payment of lease liability (principal portion)	(2.1)	(1.8)
Proceeds from issuance of shares, net of costs	—	30.0
Net cash (used) provided by financing activities	(2.1)	22.8
Net (decrease) increase in cash	(24.5)	12.8
Net foreign exchange differences on cash	0.4	(0.5)
Cash, beginning of period	83.6	78.6
Cash, end of period	\$ 59.5	\$ 90.9

RECONCILIATION OF NON-IFRS MEASURES

The following table provides a reconciliation of net income or loss to EBITDA and adjusted EBITDA:

	First quarters ended	
<i>(in millions of Canadian dollars)</i>	March 31, 2022	March 31, 2021
Net income (loss)	\$ 8.4	\$ (1.6)
Depreciation and amortization	5.8	5.9
Amortization of intangible assets	14.0	13.6
Income tax expense	3.1	1.2
Finance costs	4.3	10.4
EBITDA	\$ 35.6	\$ 29.5
Unrealized foreign exchange loss	2.0	4.0
Unrealized loss on financial instruments	5.3	2.0
Share based compensation	1.6	3.6
Adjusted EBITDA	\$ 44.5	\$ 39.1
Adjusted EBITDA margin	34.7%	31.7%