



## NEWS RELEASE

### MDA LTD. REPORTS FIRST QUARTER FISCAL 2021 FINANCIAL RESULTS

- Q1 revenue increased 19.6% or \$20.2 million over Q1 2020 to \$123.4 million
- Adjusted EBITDA<sup>(1)</sup> increased 129.6% or \$22.0 million over Q1 2020 to \$39.1 million
- Backlog<sup>(2)</sup> increased 21.7% or \$122.5 million over Q4 2020 to \$685 million
- Selected to provide one of the critical technology sub-systems on Telesat Lightspeed
- Awarded the initial contract for the Canadian Surface Combatant program
- Subsequent to the conclusion of Q1, the Company successfully completed its IPO process raising \$460 million to fund MDA's robust growth agenda including execution of the recently awarded flagship programs – Canadarm3, Canadian Surface Combatant and Telesat Lightspeed

#### May 12, 2021 (Brampton, Ontario)

MDA Ltd. (“**MDA**” or the “**Company**”) (TSX: MDA), a leading provider of advanced technology and services to the rapidly expanding global space industry, today announced its financial results for the three-month period ended March 31, 2021. All figures are in Canadian dollars unless otherwise stated.

“Q1 2021 shows positive signs with strong financial performance across all three business areas over the same period last year. Our Satellite Systems segment in particular has returned to normal operating levels and that positions us well to deliver on our growth plans,” said Mike Greenley, Chief Executive Officer, MDA.

Total revenue in the three month period ended March 31, 2021 (“Q1 2021”) was \$123.4 million, up \$20.2 million or 19.6% over the same three month period ended March 31, 2020 (“Q1 2020”).

- Geointelligence revenue was \$49.0 million in Q1 2021, \$4.7 million or 10.6% ahead of Q1 2020, primarily due to an increase in sales of satellite imagery and analytics services.
- Robotics and Space Operations revenue was \$34.3 million in Q1 2021, \$8.2 million or 31.4% ahead of Q1 2020, primarily due to the new Canadarm3 program and stronger program performance.

- Satellite Systems revenue in Q1 2021 was \$40.1 million, \$7.2 million or 21.9% ahead of Q1 2020, primarily due to the ramp up of activities from new contract awards in the back half of 2020.

Gross margin for Q1 2021 was 31.1% compared to 22.5% in Q1 2020. The improvement in gross margin is due to revenue growth in satellite imagery and analytics services sales and newly awarded programs, combined with improved performance on existing programs.

Operating expenses for Q1 2021 were \$33.6 million compared to \$17.0 million for Q1 2020. The change was primarily driven by the non-cash expense increases in amortization of intangible assets of \$13.6 million and share-based compensation of \$2.6 million, both resulting from the April 2020 acquisition of MDA by Northern Private Capital.

Net research and development for Q1 2021 was \$2.3 million compared to \$1.3 million for Q1 2020, primarily driven by the ramp up in investment in the “SARnext” commercial Synthetic Aperture Radar (SAR) Earth observation satellite mission.

Adjusted EBITDA for Q1 2021 was \$39.1 million compared to \$17.1 million, attributed primarily to the increase in gross profit of \$15.2 million combined with an increase in Canada Emergency Wage Subsidy (CEWS) income received in the quarter of \$10.1 million,

“We are pleased to announce our first set of quarterly results as a newly public company. With our IPO behind us, we are well capitalized to fund our strategic growth initiatives, and we see an increasing pipeline of business opportunities ahead. Our focus continues to be on successful program execution, including the three flagship programs, which will underpin our growth in the next number of years,” added Mr. Greenley.

## LINKS

[www.mda.space](http://www.mda.space)

<https://mda-en.investorroom.com/>

## SOCIAL MEDIA

Twitter: [www.twitter.com/MDA\\_space](https://www.twitter.com/MDA_space)

Facebook: [www.facebook.com/MDAspace](https://www.facebook.com/MDAspace)

LinkedIn: [www.linkedin.com/company/mdaspace](https://www.linkedin.com/company/mdaspace)

YouTube: <https://www.youtube.com/c/mdaspace>

Instagram: [www.instagram.com/MDA\\_space](https://www.instagram.com/MDA_space)

## NON-IFRS FINANCIAL MEASURES

### *(1) EBITDA and Adjusted EBITDA*

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 a supplemental measure used by management and other users of our financial statements including our lenders and the investors, to assess the financial performance of our business without regard to financing methods or capital structure.

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.

<sup>(2)</sup> *Backlog*

Backlog is the dollar sum of revenue that is expected to be recognized from firm customer contracts. Backlog is indicative of firm future revenue streams; however, it does not provide a guarantee of future net income and provides no information about the timing of future revenue.

## **ABOUT MDA**

Serving the world from its Canadian home and global offices, 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 2,000 employees across Canada, the US and the UK, MDA is leading the charge towards viable Moon colonies, enhanced Earth observation, communication in a hyper-connected world, and more. With a track record of making space ambitions come true, MDA 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.

## **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, failure to complete the Offering and related transactions, and the factors discussed under "Risk Factors" in the final long form prospectus of the Company. 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.*

## **CONTACT**

Leslie Swartman  
leslie.swartman@mda.space  
613-608-4845

## **Q1 2021 Conference Call**

MDA Ltd. will hold a conference call Wednesday, **May 12<sup>th</sup> at 6:00pm EST** to discuss its Q1 2021 financial results. The call will be hosted by Mr. Mike Greenley, Chief Executive Officer, and Mr. Vito Culmone, Chief Financial Officer.

### **Conference Call Participant Numbers:**

Toll-free North America: +1 (888) 390-0605  
Toll-free International: 08006522435  
Local (Toronto): +1 (416) 754-8609  
Conference ID: 09429414  
Webcast: [https://produceredition.webcasts.com/starthere.jsp?ei=1461472&tp\\_key=f695f30ee6](https://produceredition.webcasts.com/starthere.jsp?ei=1461472&tp_key=f695f30ee6)

### **Conference Call Replay:**

Toll-free North America: +1 (888) 390-0541  
Local: +1 (416) 764-8677  
Passcode: 429414

The conference call replay will be available after the call until May 19, 2021.

The webcast will also be archived on MDA's website beginning after the call for a period of 90 days.

## FINANCIAL HIGHLIGHTS

### Reconciliation of net income (loss) to EBITDA<sup>(1)</sup> and Adjusted EBITDA<sup>(1)</sup>

For the three-month period ended March 31	2021	2020
Net loss	\$ (1.6)	\$ (12.3)
Depreciation and amortization	5.9	6.5
Amortization of intangible assets	13.6	-
Income tax expense (recovery)	\$ 1.2	\$ (3.7)
Interest expense	10.4	2.3
EBITDA <sup>(1)</sup>	\$ 29.5	\$ (7.2)
Unrealized foreign exchange loss	4.0	6.5
Unrealized loss on embedded derivatives	2.0	-
Restructuring costs	-	0.4
Impairment	-	16.4
Share-based compensation	3.6	1.0
Adjusted EBITDA <sup>(1)</sup>	\$ 39.1	\$ 17.1
Adjusted EBITDA <sup>(1)</sup> as % of revenue	31.7%	16.6%

<sup>(1)</sup> As defined above in "Non-IFRS Financial Measures"

## Unaudited Interim Condensed Consolidated Statement of Operations and Comprehensive Loss

For the three months ended March 31, 2021  
(In millions of Canadian dollars except per share figures)

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Revenue	\$	123.4
<b>Cost of revenue</b>		
Materials, labour and subcontractors		(79.1)
Depreciation and amortization of assets		(5.9)
<b>Gross profit</b>		<b>38.4</b>
<b>Operating expenses</b>		
Selling, general and administration		(14.1)
Research and development, net		(2.3)
Amortization of intangible assets		(13.6)
Share-based compensation		(3.6)
<b>Operating income</b>		<b>4.8</b>
<b>Other income (expenses)</b>		
Government grant income		10.1
Unrealized loss on embedded derivative asset		(2.0)
Foreign exchange loss		(2.9)
Interest expense		(10.4)
<b>Loss before income taxes</b>		<b>(0.4)</b>
Income tax expense		(1.2)
<b>Net loss</b>		<b>(1.6)</b>
<b>Other comprehensive loss</b>		
Exchange differences on translation of foreign operations		(3.3)
<b>Total comprehensive loss</b>	\$	<b>(4.9)</b>
<b>Loss per share:</b>		
Basic and Diluted	\$	(0.00)
<b>Weighted-average common shares outstanding:</b>		
Basic and Diluted		498,809,667

## Unaudited Interim Condensed Consolidated Statement of Financial Position

(In millions of Canadian dollars)

As at	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 90.9	\$ 78.6
Trade and other receivables	184.1	158.0
Inventories	6.3	6.5
Income taxes receivable	60.5	72.4
Other current assets	13.3	12.2
	<b>355.1</b>	<b>327.7</b>
Non-current assets:		
Property, plant and equipment	68.5	69.3
Right-of-use assets	20.0	22.0
Intangible assets	583.0	589.0
Goodwill	419.9	419.9
Deferred income tax assets	10.6	11.2
Other non-current assets	16.2	16.1
<b>Total assets</b>	<b>\$ 1,473.3</b>	<b>\$ 1,455.2</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 68.6	\$ 65.7
Income taxes payable	22.8	22.7
Contract liabilities	84.1	73.3
Provisions	9.0	17.8
Current portion of net employee benefit payable	36.5	32.0
Current portion of lease liabilities	7.9	7.8
Current portion of long-term debt	21.8	22.0
Other current liabilities	0.7	1.1
	<b>251.4</b>	<b>242.4</b>
Non-current liabilities:		
Provisions	1.4	1.4
Net employee defined benefit payable	44.6	43.6
Lease liabilities	11.4	12.7
Long-term debt	529.4	537.7
Deferred income tax liabilities	147.0	158.7
Other non-current liabilities	1.4	1.3
<b>Total liabilities</b>	<b>986.6</b>	<b>997.8</b>
<b>Shareholders' equity</b>		
Common shares	511.0	480.4
Contributed surplus	8.5	4.9
Accumulated other comprehensive loss	(13.9)	(10.6)
Deficit	(18.9)	(17.3)
<b>Total equity</b>	<b>486.7</b>	<b>457.4</b>
<b>Total liabilities and equity</b>	<b>\$ 1,473.3</b>	<b>\$ 1,455.2</b>

## Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

For the three months ended March 31, 2021

(In millions of Canadian dollars)

	Common shares		Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number	Amount				
As at January 1, 2021	484,415,948	\$ 480.4	\$ 4.9	\$ (10.6)	\$ (17.3)	\$ 457.4
Share capital issued	30,590,500	30.6	-	-	-	30.6
Net loss	-	-	-	-	(1.6)	(1.6)
Other comprehensive loss	-	-	-	(3.3)	-	(3.3)
Share-based compensation	-	-	3.6	-	-	3.6
<b>As at March 31, 2021</b>	<b>515,006,448</b>	<b>\$ 511.0</b>	<b>\$ 8.5</b>	<b>\$ (13.9)</b>	<b>\$ (18.9)</b>	<b>\$ 486.7</b>



## Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, 2021  
(In millions of Canadian dollars)

<b>Cash flows from operating activities</b>	
Loss before income taxes	\$ (0.4)
Adjustments to reconcile net loss to net cash from operating activities:	
Depreciation of property, plant and equipment	2.3
Depreciation of right-of-use assets	2.6
Amortization of intangible assets	14.6
Share-based compensation expense	3.6
Investment tax credits accrued during the period	(2.4)
Interest expense	10.4
Unrealized loss on embedded derivative asset	2.0
Changes in operating assets and liabilities	
Trade and other receivables	(29.2)
Inventories	0.2
Other assets	(3.2)
Trade and other payables	2.9
Contract liabilities	10.8
Employee benefits	5.5
Provisions	(8.8)
Other liabilities	(0.3)
	<b>10.6</b>
Interest paid	(12.4)
Income tax received	1.9
<b>Net cash used in operating activities</b>	<b>0.1</b>
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(1.5)
Purchase/development of intangible assets	(8.6)
<b>Net cash used in investing activities</b>	<b>(10.1)</b>
<b>Cash flows from financing activities</b>	
Repayments of long-term debt	(5.4)
Payment of lease liability (principal portion of lease liability)	(1.8)
Proceeds from issuance of share capital, net of issuance costs	30.0
<b>Net cash provided by financing activities</b>	<b>22.8</b>
<b>Net increase in cash and cash equivalents</b>	12.8
Net foreign exchange difference	(0.5)
Cash and cash equivalents, beginning of period	78.6
<b>Cash and cash equivalents, end of period</b>	<b>\$ 90.9</b>