

NEWS RELEASE

MDA REPORTS THIRD QUARTER 2023 RESULTS

- *Q3 2023 Highlights*
 - *Strong top line growth with revenues of \$204.7 million, up 19% YoY*
 - *Solid profitability with adjusted EBITDA of \$42.8 million, up 10% YoY*
 - *Robust adjusted EBITDA margin of 20.9%*
 - *Record backlog of \$3.1 billion at quarter end including the recently announced Telesat Lightspeed LEO constellation contract award of \$2.1 billion*
 - *Announced and subsequent to quarter end closed acquisition of SatixFy Space Systems UK Ltd., the digital payload division of SatixFy Communications Ltd.*
- *Updated 2023 full-year financial outlook*

Brampton, Ontario (November 8, 2023) -- MDA Ltd. (TSX: MDA), a leading provider of advanced technology and services to the rapidly expanding global space industry, today announced its financial results for the third quarter ended September 30, 2023.

“MDA delivered another solid quarter in Q3 showcasing the team’s continued strong execution and the momentum we are seeing in our business and end markets,” said Mike Greenley, Chief Executive Officer of MDA. “We continue to focus on our growth strategy and growing our book of business. In Q3 we announced that MDA was awarded a \$2.1 billion contract from Telesat to act as the prime satellite contractor on the Telesat Lightspeed LEO constellation; this is our second prime satellite contract in 18 months and a testament to MDA’s innovative technology and advanced manufacturing capabilities in this market.”

“We also recently closed our acquisition of the digital payload division of SatixFy Communications, announced in Q3, as we continue to invest in our digital satellite technology and talent to maximize our market opportunity. Additionally, we are on pace with the development of CHORUS, our next generation Earth observation constellation. Elements of CHORUS are now in production at our Montreal facility and we recently announced the selection of SpaceX as our launch partner with a confirmed launch window of Q4 2025,” continued Mr. Greenley.

“With our backlog at a record level, our teams are laser focused on execution and delivering on our customer commitments. Given the strong execution year to date, we are raising our 2023 financial guidance.”

Q3 2023 HIGHLIGHTS

- Q3 revenues of \$204.7 million were up 19% YoY driven by higher revenues across our three business areas with strong contributions from Satellite Systems and Robotics & Space Operations businesses.
- Adjusted EBITDA of \$42.8 million in Q3 2023 was up 10% YoY driven by higher volumes of work across our businesses.
- Adjusted EBITDA margin was 20.9% in Q3 2023 compared with 22.6% in Q3 2022. The year over year change in adjusted EBITDA margin was largely in line with the variance in gross margin over the same period driven by evolving program mix.
- Backlog grew to \$3.1 billion at quarter end which includes the recently announced Telesat Lightspeed LEO constellation award valued at \$2.1 billion where MDA will be responsible for

the design, manufacture, assembly and test of 198 satellites. This compares to a backlog of \$1.4 billion at the end of 2022.

- Operating cash flow was a use of \$30.0 million in Q3 2023 compared with an inflow of \$7.0 million in Q3 2022. The year over year decrease in operating cash flow was primarily driven by higher working capital requirements in Q3 2023 as a result of the timing of certain milestone payments versus the same period last year.
- Healthy financial position with net debt to adjusted EBITDA ratio of 1.7x at quarter end.
- Company announced and subsequent to quarter end closed the acquisition of SatixFy Space Systems UK Ltd., the digital payload division of SatixFy Communications Ltd. The transaction, valued at US\$40 million, will help further strengthen MDA's global leadership position in the growing market for digital satellite communications solutions.
- Subsequent to quarter end, MDA announced that it has selected SpaceX as the launch partner for its CHORUS constellation, which is scheduled to launch on the Falcon 9 rocket in Q4 2025 from Florida.

2023 FINANCIAL OUTLOOK

As a leading global space technology provider, we are leveraging our capabilities and expertise to execute on targeted growth strategies across our end markets and business areas. Our strategic initiatives, which span across our three businesses, include expanding our share of the growing constellation market, leveraging our leading robotics technology platform to capitalize on emerging commercial opportunities, and further strengthening our positioning in Geointelligence through the development of our CHORUS Earth observation constellation. We continue to make good progress against our long term strategic plan.

MDA is well positioned to capitalize on strong customer demand and robust market activity given our diverse and proven technology offerings. Our growth pipeline is significant and underpinned by existing and new programs and our book of business is healthy. We see activities ramping up in line with our expectations, and are encouraged by the team's solid execution. We continue to closely monitor developments related to supply chain disruptions, and are taking pro-active measures across our three business areas to mitigate the impact on our operations to the extent possible.

For fiscal 2023, we are narrowing our full year revenue guidance to \$790 – \$810 million from \$785 – \$810 million previously, representing robust year over year growth of approximately 25% at the mid-point of guidance. We are raising our 2023 adjusted EBITDA guidance to \$165 – \$170 million from \$155 – \$165 million previously, representing approximately 20% – 21% adjusted EBITDA margin. We are narrowing our 2023 capital expenditures range to \$200 – \$210 million from \$200 – \$220 million previously, comprising primarily 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)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues	\$ 204.7	\$ 172.0	\$ 602.6	\$ 455.1
Gross profit	\$ 57.7	\$ 56.4	\$ 186.2	\$ 169.5
Gross margin	28.2%	32.8%	30.9%	37.2%
Adjusted EBITDA ⁽¹⁾	\$ 42.8	\$ 38.8	\$ 132.1	\$ 118.0
Adjusted EBITDA margin	20.9%	22.6%	21.9%	25.9%

<i>(in millions of Canadian dollars, except for ratios)</i>	As at	
	September 30, 2023	December 31, 2022
Backlog	\$ 3,068.7	\$ 1,378.2
Net debt ⁽¹⁾ to Adjusted TTM ⁽¹⁾ EBITDA ratio	1.7x	1.3x

REVENUES BY BUSINESS AREA

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Geointelligence	\$ 48.4	\$ 45.5	\$ 147.6	\$ 141.4
Robotics & Space Operations	61.9	54.6	183.5	145.8
Satellite Systems	94.4	71.9	271.5	167.9
Consolidated revenues	\$ 204.7	\$ 172.0	\$ 602.6	\$ 455.1

Revenues

Consolidated revenues for the third quarter of 2023 were \$204.7 million, representing an increase of \$32.7 million (or 19.0%) from the third quarter of 2022. The year over year increase in revenues was primarily driven by strong contributions from our Satellite Systems and Robotics & Space Operations businesses.

By business area, revenues in Geointelligence for the third quarter of 2023 were \$48.4 million, which represents an increase of \$2.9 million (or 6.4%) from the same period in 2022 due to slightly higher volume of work. Revenues in Robotics & Space Operations for the third quarter of 2023 were \$61.9 million, which represents an increase of \$7.3 million (or 13.4%) from the same period in 2022. This year over year increase is primarily driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems for the third quarter of 2023 were \$94.4 million, which represents an increase of \$22.5 million (or 31.3%) from the same period in 2022 driven by higher volumes on new programs including the Globalstar program which was awarded in Q1 2022.

Consolidated revenues for the nine months ended September 30, 2023 were \$602.6 million, which were \$147.5 million (or 32.4%) higher than the same period in 2022. The year over year

¹ As defined in the "Non-IFRS Financial Measures" section

increase in revenues was primarily driven by strong contributions from our Satellite Systems and Robotics & Space Operations businesses.

By business area, revenues in Geointelligence for the nine months ended September 30, 2023 were \$147.6 million, which represents an increase of \$6.2 million (or 4.4%) from the same period in 2022 reflecting slightly higher volume of work. Revenues in Robotics & Space Operations for the nine months ended September 30, 2023 were \$183.5 million, which represents an increase of \$37.7 million (or 25.9%) from the same period in 2022. The year over year revenue increase is primarily driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems for the nine months ended September 30, 2023 were \$271.5 million, which represents an increase of \$103.6 million (or 61.7%) from the same period in 2022 primarily driven by higher volumes on new programs including the Globalstar program which was awarded in Q1 2022.

Gross Profit and Gross Margin

Gross profit reflects our revenues less cost of revenues. Q3 2023 gross profit of \$57.7 million represents a \$1.3 million (or 2.3%) increase over Q3 2022 driven by higher volume of work performed year over year. Gross margin in Q3 2023 was 28.2%, which is in line with our expectations as the Company's program mix evolves. Comparatively, gross margin in Q3 2022 was 32.8%.

For the nine months ended September 30, 2023, gross profit of \$186.2 million represents a \$16.7 million (or 9.9%) increase over 2022 driven by higher volume of work performed year over year, partially offset by \$16.8 million of higher ITCs recorded in Q1 2022 related to the resolution of historical claims. Gross margin for the nine months ended September 30, 2023 was 30.9%, which is in line with our expectations as the Company's program mix evolves. Comparatively, gross margin in 2022 was 33.6% excluding the aforementioned impact of the historical ITC claims recognized in Q1 2022.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the third quarter of 2023 was \$42.8 million compared with \$38.8 million for the third quarter of 2022, representing an increase of \$4.0 million (or 10.3%) year over year driven by higher gross profit as we continue to execute on our backlog. Adjusted EBITDA margin was 20.9% for the third quarter of 2023 compared with 22.6% for the third quarter of 2022, which is generally in line with the variance in gross margin year over year.

Adjusted EBITDA for the nine months ended September 30, 2023 was \$132.1 million compared with \$118.0 million for the same period in 2022, representing an increase of \$14.1 million (or 11.9%) year over year. Adjusted EBITDA for the nine months ended September 30, 2022 included \$16.8 million of income from the aforementioned resolution of historical ITC claims. When excluding the impact of the \$16.8 million related to historical ITC claims, Adjusted EBITDA increased \$30.9 million (or 30.5%) year over year. The improvement was driven by higher volumes of work performed year over year. Adjusted EBITDA margin was 21.9% for the nine months ended September 30, 2023 compared with 22.2% in 2022, excluding the previously noted historical ITC claims resolution.

Adjusted EBITDA, excluding historical ITCs claims resolution, is summarized below.

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Adjusted EBITDA	\$ 42.8	\$ 38.8	\$ 132.1	\$ 118.0
ITCs claims resolution	—	—	—	(16.8)
Adjusted EBITDA, excluding ITCs claims resolution	\$ 42.8	\$ 38.8	\$ 132.1	\$ 101.2
Adjusted EBITDA margin, excluding ITCs claims resolution	20.9%	22.6%	21.9%	22.2%

Backlog

Backlog as at September 30, 2023 was \$3,068.7 million, an increase of \$1,663.6 million compared with the backlog at September 30, 2022 driven by new order bookings including the recently announced Telesat Lightspeed LEO constellation, partially offset by continued conversion of our backlog into revenue. The following table shows the build up of backlog for Q3 and the nine months ended September 30, 2023 as compared with the same periods in 2022.

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Opening Backlog	\$ 1,098.3	\$ 1,520.8	\$ 1,378.2	\$ 864.3
Less: Revenue recognized	(204.7)	(172.0)	(602.6)	(455.1)
Add: Order Bookings	2,175.1	56.3	2,293.1	995.9
Ending Backlog	\$ 3,068.7	\$ 1,405.1	\$ 3,068.7	\$ 1,405.1

CONFERENCE CALL AND WEBCAST

MDA will host a conference call and webcast to discuss these financial results on Wednesday, November 8, 2023 at 8:30 a.m. 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 **10181404**. 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 November 15, 2023, by dialing 1-888-390-0541 and entering the passcode 181404 #.

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, adjusted EBITDA margin, 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 and amortization expenses, ii) provision for (recovery of) income taxes, and iii) finance costs. Adjusted EBITDA is calculated by adding to and deducting from EBITDA, 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 gain or loss ii) unrealized gain or loss on financial instruments and iii) share-based compensation expenses, and iv) other items that may arise from time to time. Adjusted EBITDA margin 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 including current portions, as presented in the Q2 2023 Financial Statements, less cash (or plus bank indebtedness) and excluding any lease liabilities. 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 23, 2023 and available on SEDAR+ at www.sedarplus.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 2,900 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.

Unaudited Interim Condensed Statement of Comprehensive Income
For the three and nine months ended September 30, 2023 and 2022
(In millions of Canadian dollars except per share figures)

	Three months ended Sept 30, 2023	Three months ended Sept 30, 2022	Nine months ended Sept 30, 2023	Nine months ended Sept 30, 2022
Revenue	\$ 204.7	\$ 172.0	\$ 602.6	\$ 455.1
Cost of revenue				
Materials, labour and subcontractors	(138.2)	(109.8)	(394.0)	(268.2)
Depreciation and amortization of assets	(8.8)	(5.8)	(22.4)	(17.4)
Gross profit	57.7	56.4	186.2	169.5
Operating expenses				
Selling, general and administration	(17.8)	(15.5)	(52.2)	(43.6)
Research and development, net	(10.4)	(7.8)	(30.8)	(25.0)
Amortization of intangible assets	(11.0)	(12.8)	(34.8)	(39.7)
Share-based compensation	(2.8)	(2.5)	(6.9)	(5.5)
Operating income	15.7	17.8	61.5	55.7
Other income (expenses)				
Unrealized (gain) loss on financial instruments	1.0	0.3	(0.1)	(9.1)
Foreign exchange gain (loss)	0.6	5.6	(0.8)	5.5
Finance costs, net	(2.4)	(2.4)	(6.7)	(31.4)
Income before income taxes	14.9	21.3	53.9	20.7
Income tax expense	(5.6)	(3.4)	(18.6)	(3.2)
Net income	9.3	17.9	35.3	17.5
Other comprehensive income				
Gain on translation of foreign operations	0.3	0.5	—	1.0
Gain (loss) on cash flow hedges	2.2	—	4.1	—
Remeasurement gain (loss) on defined benefit plans	4.7	(1.2)	6.4	16.6
Total comprehensive income	\$ 16.5	\$ 17.2	\$ 45.8	\$ 35.1
Earnings per share:				
Basic	\$ 0.08	\$ 0.15	\$ 0.30	\$ 0.15
Diluted	0.08	0.15	0.29	0.14
Weighted-average common shares outstanding:				
Basic	119,329,839	118,942,451	119,191,837	118,776,154
Diluted	121,912,873	122,528,404	120,546,321	122,085,504

MDA Ltd.
Unaudited Interim Condensed Statement of Financial Position
September 30, 2023
(In millions of Canadian dollars)

As at	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash	\$ 13.4	\$ 39.3
Trade and other receivables	75.2	155.5
Unbilled receivables	221.1	121.0
Inventories	10.7	7.5
Income taxes receivable	29.3	35.1
Other current assets	22.6	19.8
	372.3	378.2
Non-current assets:		
Property, plant and equipment	325.6	235.1
Right-of-use assets	5.0	7.1
Intangible assets	540.5	552.4
Goodwill	419.9	419.9
Deferred income tax assets	12.3	19.1
Other non-current assets	196.3	139.0
Total assets	\$ 1,871.9	\$ 1,750.8
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 186.2	\$ 124.3
Income taxes payable	15.8	11.9
Contract liabilities	65.9	110.8
Current portion of net employee benefit payable	48.2	54.1
Current portion of lease liabilities	6.3	6.7
Other current liabilities	9.9	10.8
	332.3	318.6
Non-current liabilities:		
Net employee defined benefit payable	21.8	21.5
Lease liabilities	1.1	1.6
Long-term debt	303.8	243.6
Deferred income tax liabilities	158.1	163.8
Other non-current liabilities	0.9	1.1
Total liabilities	818.0	750.2
Shareholders' equity		
Common shares	955.1	951.6
Contributed surplus	29.0	25.0
Accumulated other comprehensive income	24.6	14.1
Retained earnings	45.2	9.9
Total equity	1,053.9	1,000.6
Total liabilities and equity	\$ 1,871.9	\$ 1,750.8

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three and nine months ended September 30, 2023 and 2022

(In millions of Canadian dollars)

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash flows from operating activities				
Net income	\$ 9.3	\$ 17.9	\$ 35.3	\$ 17.5
Items not affecting cash:				
Income tax expense	5.6	3.4	18.6	3.2
Depreciation of property, plant and equipment	3.5	2.3	9.4	7.2
Depreciation of right-of-use assets	2.5	2.1	6.8	6.2
Amortization of intangible assets	13.8	14.2	41.0	43.7
Write-down of assets	4.8	—	4.8	—
Share-based compensation expense	2.8	2.5	6.9	5.5
Investment tax credits accrued	(6.0)	(10.7)	(18.7)	(42.3)
Finance costs	2.4	2.4	6.7	31.4
Unrealized loss (gain) on financial instruments	(1.0)	(0.3)	0.1	9.1
Changes in operating assets and liabilities	(59.9)	(21.9)	(38.8)	(47.9)
	(22.2)	11.9	72.1	33.6
Interest paid	(4.9)	(2.9)	(12.9)	(13.9)
Income tax paid	(2.9)	(2.0)	(4.5)	(3.0)
Net cash from (used in) operating activities	(30.0)	7.0	54.7	16.7
Cash flows from investing activities				
Purchases of property and equipment	(37.1)	(32.9)	(100.7)	(100.6)
Purchase/development of intangible assets	(12.3)	(8.0)	(34.9)	(32.4)
Net cash used in investing activities	(49.4)	(40.9)	(135.6)	(133.0)
Cash flows from financing activities				
Repayment of second lien notes	—	—	—	(150.0)
Borrowings from senior credit facility	55.0	25.0	60.0	195.0
Transaction costs incurred on debt refinancing	—	—	—	(8.9)
Payment of lease liability (principal portion)	(1.7)	(1.9)	(5.6)	(5.9)
Proceeds from stock options exercised	0.2	0.4	0.6	0.4
Net cash provided by financing activities	53.5	23.5	55.0	30.6
Net decrease in cash	(25.9)	(10.4)	(25.9)	(85.7)
Net foreign exchange differences on cash	0.3	0.5	—	1.0
Cash, beginning of period	39.0	8.8	39.3	83.6
Cash (bank indebtedness), end of period	\$ 13.4	\$ (1.1)	\$ 13.4	\$ (1.1)

RECONCILIATION OF NON-IFRS MEASURES

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

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	\$ 9.3	\$ 17.9	\$ 35.3	\$ 17.5
Depreciation and amortization	8.8	5.8	22.4	17.4
Amortization of intangible assets	11.0	12.8	34.8	39.7
Income tax expense	5.6	3.4	18.6	3.2
Finance costs	2.4	2.4	6.7	31.4
EBITDA	\$ 37.1	\$ 42.3	\$ 117.8	\$ 109.2
Unrealized foreign exchange loss (gain)	(0.9)	(5.7)	2.5	(5.8)
Unrealized loss (gain) on financial instruments	(1.0)	(0.3)	0.1	9.1
Write-down of assets	4.8	—	4.8	—
Share based compensation	2.8	2.5	6.9	5.5
Adjusted EBITDA	\$ 42.8	\$ 38.8	\$ 132.1	\$ 118.0