

# NEWS RELEASE

## MDA REPORTS FIRST QUARTER 2024 RESULTS

- *Q1 2024 Highlights*
  - *Record backlog of \$3.3 billion at quarter end, up 169% YoY*
  - *Healthy top line growth with revenues of \$209.1 million, up 3.6% YoY*
  - *Solid profitability with adjusted EBITDA of \$42.0 million and adjusted EBITDA margin of 20.1%*
  - *Adjusted net income of \$18.1 million and adjusted diluted earnings per share of \$0.15*
  - *Rebranded to MDA Space as we continue to lead in a new area of space innovation*
- *Reaffirmed 2024 full-year financial outlook*

**Brampton, Ontario** (May 9, 2024) -- MDA Space (TSX: MDA), a trusted space mission partner to the rapidly expanding global space industry, today announced its financial results for the first quarter ended March 31, 2024.

“We are off to a solid start in 2024. In Q1, the MDA Space team delivered another quarter of strong performance as we continued to convert our backlog and deliver on our customer commitments,” said Mike Greenley, Chief Executive Officer of MDA Space. “We also grew our book of business in Q1 and secured a number of awards including a contract to deliver the fleet of MQ-9B SkyGuardian Remotely Piloted Aircraft Systems for the Canadian Armed Forces. And subsequent to quarter end, we received a \$250 million contract extension from the Canadian Space Agency to continue supporting robotics operations on the International Space Station until its planned retirement in 2030.”

“Last quarter, we also announced our rebranding to MDA Space, a natural brand evolution that further positions us to lead in a new area of space innovation. In addition, as part of our strategy to commercialize and productize our world-leading technology to meet changing market needs, we unveiled two new product brands. MDA AURORA™ is our new software-defined digital satellite product line that positions us to capitalize on the market transition from analog to digital satellite technology, and MDA SKYMAKER™ is a full suite of scalable and modular space robotics and services that enables us to offer the world’s most flight-proven capabilities to any mission or application in an efficient, adaptable and highly accessible kit.”

“We are energized by the momentum we are seeing in our business and end markets. With our backlog at a record level, the MDA Space team is laser focused on execution and delivering another successful year for customers, shareholders and our team.”

### Q1 2024 HIGHLIGHTS

- Backlog of \$3.3 billion at quarter end continued to build and was up 169% compared to Q1 2023. The increase in backlog is driven by new order bookings including the \$2.1 billion Telesat Lightspeed LEO constellation award announced in 2023.
- Revenues of \$209.1 million in Q1 2024 were up 3.6% year over year driven by execution on our backlog and strong contributions from the Robotics & Space Operations business.

- Adjusted EBITDA of \$42.0 million in Q1 2024 compared to \$48.9 million in Q1 2023, representing a decrease of \$6.9 million (or 14.1%) year over year. Adjusted EBITDA margin of 20.1% in Q1 2024 is consistent with the Company's full year margin guidance of 19-20% and compares to adjusted EBITDA margin of 24.2% reported in Q1 2023. The year over year change was largely in line with the variance in gross margin over the same period driven by evolving program mix.
- Q1 adjusted net income was \$18.1 million compared with \$26.5 million for Q1 2023, representing a decrease of \$8.4 million (or 31.7%) year over year driven by the aforementioned gross profit variance. Adjusted diluted earnings per share of \$0.15 in Q1 2024 compared to \$0.22 in Q1 2023.
- Operating cash flow was an inflow of \$24.7 million in Q1 2024 compared with \$45.8 million in Q1 2023. The year over year decrease in operating cash flow was primarily driven by higher working capital requirements in Q1 2024 versus the same period last year.
- At quarter end, net debt to adjusted EBITDA ratio was 2.6x driven by investment in our growth initiatives.

## **2024 FINANCIAL OUTLOOK**

As a trusted mission partner and 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 investing in next generation space technology and services, expanding our presence in high growth markets and geographies, scaling and expanding skills, talent and operations to meet current and future market demand and leveraging strategic M&A to complement organic growth. 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.

For fiscal 2024, we reaffirm the previous outlook provided in our Q4 2023 earnings release and continue to expect full year revenues to be \$950 – \$1,050 million, representing robust growth of approximately 25% at the mid-point of guidance compared to 2023 levels. We expect revenue growth to accelerate in the second half of 2024 as we ramp up work volumes on a number of programs. We continue to expect full year adjusted EBITDA to be \$190 – \$210 million, representing approximately 19% – 20% adjusted EBITDA margin. We reaffirm our expectations that capital expenditures will be \$210 – \$230 million in 2024, comprising primarily of growth investments to support CHORUS and the previously outlined growth initiatives across our three business areas.

For Q2 2024, we expect revenues to be \$215 – \$225 million as we continue to execute on our backlog.

## FINANCIAL OVERVIEW

### KEY INDICATORS SUMMARY

	First quarters ended	
<i>(in millions of Canadian dollars, except per share data)</i>	March 31, 2024	March 31, 2023
Revenues	\$ 209.1	\$ 201.9
Gross profit	\$ 57.9	\$ 67.2
Gross margin	27.7%	33.3%
Adjusted EBITDA <sup>1</sup>	\$ 42.0	\$ 48.9
Adjusted EBITDA margin <sup>1</sup>	20.1%	24.2%
Adjusted Net Income <sup>1</sup>	\$ 18.1	\$ 26.5
Adjusted Diluted EPS <sup>1</sup>	\$ 0.15	\$ 0.22

	As at	
<i>(in millions of Canadian dollars, except for ratios)</i>	March 31, 2024	December 31, 2023
Backlog	\$ 3,312.2	\$ 3,097.0
Net debt <sup>1</sup> to Adjusted TTM <sup>2</sup> EBITDA ratio	2.6x	2.4x

### REVENUES BY BUSINESS AREA

	First quarters ended	
<i>(in millions of Canadian dollars)</i>	March 31, 2024	March 31, 2023
Geointelligence	\$ 51.5	\$ 51.3
Robotics & Space Operations	70.6	62.9
Satellite Systems	87.0	87.7
Consolidated revenues	\$ 209.1	\$ 201.9

### Revenues

Consolidated revenues for the first quarter of 2024 were \$209.1 million, representing an increase of \$7.2 million (or 3.6%) from the first quarter of 2023. The year over year increase in revenues was primarily driven by increased volume from our Robotics and Space Operations business.

By business area, revenues in Geointelligence for the first quarter of 2024 were \$51.5 million, which represents an increase of \$0.2 million (or 0.4%) from the same period in 2023 reflecting steady work volume on programs. Revenues in Robotics & Space Operations for the first quarter of 2024 were \$70.6 million, which represents an increase of \$7.7 million (or 12.2%) from the same period in 2023. This year over year increase is primarily driven by the higher volume of work performed on Canadarm3. Revenues in Satellite Systems for the first quarter of 2024 were \$87.0 million, which represents a decrease of \$0.7 million (or 0.8%) from the same period in 2023 driven by completion of various programs in 2023 offset by ramp up of new programs in 2024.

### Gross Profit and Gross Margin

Gross profit reflects our revenues less cost of revenues. Q1 2024 gross profit of \$57.9 million represents a \$9.3 million (or 13.8%) decrease over Q1 2023. Gross margin in Q1 2024 was 27.7%, which is in line with the Company's expectations and compares to gross margin of 33.3%

<sup>1</sup> As defined in the 'Non-IFRS Financial Measures' section

<sup>2</sup> TTM: Trailing twelve months

in Q1 2023. The year over year change in both gross profit and gross margin metrics is driven by evolving program mix and higher depreciation expense as new assets come into service.

### Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the first quarter of 2024 was \$42.0 million compared with \$48.9 million for the first quarter of 2023, representing a decrease of \$6.9 million (or 14.1%) year over year. Adjusted EBITDA margin of 20.1% for the first quarter of 2024 is consistent with the Company's full year margin guidance of 19-20% and compares to adjusted EBITDA margin of 24.2% reported in the first quarter of 2023. The year over year change was largely in line with the variance in gross margin over the same period driven by evolving program mix.

### Adjusted Net Income

Adjusted net income for the first quarter of 2024 was \$18.1 million compared with \$26.5 million for the first quarter of 2023, representing a decrease of \$8.4 million (or 31.7%) year over year driven by the aforementioned gross profit variance.

### Backlog

Backlog is comprised of our remaining performance obligations which represent the transaction price of firm orders less inception to date revenue recognized and excludes unexercised contract options and indefinite delivery or indefinite quantity contracts. Backlog as at March 31, 2024 was \$3,312.2 million, an increase of \$2,079.8 million compared with the backlog at March 31, 2023 driven by new order bookings including the Telesat Lightspeed LEO constellation contract awarded in Q3 2023, partially offset by continued conversion of our backlog into revenue. The following table shows the build up of backlog for Q1 2024 as compared with the same period in 2023.

<i>(in millions of Canadian dollars)</i>	<b>First quarters ended</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Opening Backlog	\$ 3,097.0	\$ 1,378.2
Less: Revenue recognized	(209.1)	(201.9)
Add: Order Bookings	424.3	56.1
Ending Backlog	\$ 3,312.2	\$ 1,232.4

### CONFERENCE CALL AND WEBCAST

MDA will host a conference call and webcast to discuss these financial results on Thursday, May 9, 2024 at 8:30 a.m. ET. Interested parties can join the call by dialing 289-819-1350 (Toronto area) or 1-800-836-8184 (toll-free North America) or +44 800-279-7040 (toll-free international) and entering the conference ID **83680**. 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 16, 2024, by dialing 1-888-660-6345 and entering the passcode 83680 #.

## **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, Adjusted Net Income, Adjusted Earnings per Share, 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. Adjusted Net Income is calculated by adding to and deducting from net income, 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) amortization of intangible assets related to business combinations, ii) unrealized foreign exchange gain or loss, iii) unrealized gain or loss on financial instruments, and iv) share-based compensation expenses, and iv) other items that may arise from time to time. Adjusted Earnings per Share represents Adjusted Net Income divided by the weighted average number of shares outstanding. 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 Q1 2024 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 February 28, 2024 and available on SEDAR+ at [www.sedarplus.com](http://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 SPACE**

Building the space between proven and possible, MDA Space (TSX:MDA) is a trusted mission partner to the global space industry. A robotics, satellite systems and geointelligence pioneer with a 55-year+ story of world firsts and more than 450 missions, MDA Space is a global leader in communications satellites, Earth and space observation, and space exploration and infrastructure. The MDA Space team of more than 3,000 space experts in Canada, the US and the UK has the knowledge and know-how to turn an audacious customer vision into an achievable mission – bringing to bear a one-of-a-kind mix of experience, engineering excellence and wide-eyed wonder that’s been in our DNA since day one. For those who dream big and push boundaries on the ground and in the stars to change the world for the better, we’ll take you there. For more information, visit [www.mda.space](http://www.mda.space).

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**MDA Ltd.**

## Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(In millions of Canadian dollars except per share figures)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue	\$ 209.1	\$ 201.9
<b>Cost of revenue</b>		
Materials, labour and subcontractors	(140.7)	(128.1)
Depreciation and amortization of assets	(10.5)	(6.6)
<b>Gross profit</b>	<b>57.9</b>	<b>67.2</b>
<b>Operating expenses</b>		
Selling, general and administration	(18.9)	(16.6)
Research and development, net	(9.0)	(10.1)
Amortization of intangible assets	(12.3)	(12.8)
Share-based compensation	(2.5)	(1.2)
<b>Operating income</b>	<b>15.2</b>	<b>26.5</b>
<b>Other income (expenses)</b>		
Unrealized gain (loss) on financial instruments	0.9	(0.5)
Foreign exchange gain	2.3	0.4
Finance income	0.7	0.3
Finance costs	(6.1)	(2.5)
Other income	6.5	—
<b>Income before taxes</b>	<b>19.5</b>	<b>24.2</b>
Income tax expense	(5.7)	(8.1)
<b>Net income</b>	<b>13.8</b>	<b>16.1</b>
<b>Other comprehensive income (loss)</b>		
Loss on translation of foreign operations	(1.2)	(0.2)
Gain (loss) on cash flow hedges	2.6	(1.7)
Remeasurement gain on defined benefit plans	8.3	1.7
<b>Total comprehensive income</b>	<b>\$ 23.5</b>	<b>\$ 15.9</b>
<b>Earnings per share:</b>		
Basic	\$ 0.12	\$ 0.14
Diluted	0.11	0.13
<b>Weighted-average common shares outstanding:</b>		
Basic	119,582,207	119,074,498
Diluted	123,263,439	119,625,038

**MDA Ltd.**

## Unaudited Interim Condensed Consolidated Statement of Financial Position

March 31, 2024

(In millions of Canadian dollars)

<b>As at</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 29.3	\$ 22.5
Trade and other receivables	114.3	169.5
Unbilled receivables	264.7	183.1
Inventories	10.1	9.9
Income taxes receivable	59.7	47.3
Other current assets	32.2	24.3
	<b>510.3</b>	<b>456.6</b>
Non-current assets:		
Property, plant and equipment	394.5	369.1
Right-of-use assets	86.0	71.8
Intangible assets	578.5	582.5
Goodwill	439.8	439.8
Deferred income tax assets	14.4	14.9
Other non-current assets	230.4	227.0
<b>Total assets</b>	<b>\$ 2,253.9</b>	<b>\$ 2,161.7</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 204.5	\$ 219.1
Income taxes payable	4.1	4.4
Contract liabilities	120.8	76.9
Current portion of net employee benefit payable	49.9	57.4
Current portion of lease liabilities	12.0	10.9
Other current liabilities	2.9	4.5
	<b>394.2</b>	<b>373.2</b>
Non-current liabilities:		
Net employee defined benefit payable	22.4	22.8
Lease liabilities	89.7	75.2
Long-term debt	468.6	438.9
Deferred income tax liabilities	182.2	180.8
Other non-current liabilities	4.9	6.1
<b>Total liabilities</b>	<b>1,162.0</b>	<b>1,097.0</b>
<b>Shareholders' equity</b>		
Common shares	958.8	956.1
Contributed surplus	32.3	31.3
Accumulated other comprehensive income	28.3	18.6
Retained earnings	72.5	58.7
<b>Total equity</b>	<b>1,091.9</b>	<b>1,064.7</b>
<b>Total liabilities and equity</b>	<b>\$ 2,253.9</b>	<b>\$ 2,161.7</b>



**MDA LTD.**

## Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, 2024 and 2023

(In millions of Canadian dollars)

	Three months ended March 31, 2024	Three months ended March 31, 2023
<b>Cash flows from operating activities</b>		
Net income	\$ 13.8	\$ 16.1
Items not affecting cash:		
Income tax expense	5.7	8.1
Depreciation of property, plant and equipment	4.2	2.8
Depreciation of right-of-use assets	3.5	2.0
Amortization of intangible assets	15.1	14.6
Gain on disposal of assets	(5.8)	—
Share-based compensation expense	2.5	1.2
Investment tax credits accrued	(8.2)	(7.1)
Finance costs, net	5.4	2.2
Unrealized (gain) loss on financial instruments	(0.9)	0.5
Changes in operating assets and liabilities	(2.9)	9.1
	<b>32.4</b>	<b>49.5</b>
Interest paid	(8.1)	(4.0)
Income tax received	0.4	0.3
<b>Net cash from operating activities</b>	<b>24.7</b>	<b>45.8</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(27.0)	(29.7)
Purchases/development of intangible assets	(13.2)	(10.8)
Proceeds from disposal of assets	7.4	—
Acquisition of subsidiary, net of cash	(11.6)	—
<b>Net cash used in investing activities</b>	<b>(44.4)</b>	<b>(40.5)</b>
<b>Cash flows from financing activities</b>		
Borrowings from senior credit facility	30.0	25.0
Payment of lease liability (principal portion)	(3.1)	(1.9)
Proceeds from stock options exercised	0.8	0.4
<b>Net cash provided by financing activities</b>	<b>27.7</b>	<b>23.5</b>
<b>Net increase in cash</b>	<b>8.0</b>	<b>28.8</b>
Net foreign exchange differences on cash	(1.2)	(0.2)
Cash, beginning of period	22.5	39.3
<b>Cash, end of period</b>	<b>\$ 29.3</b>	<b>\$ 67.9</b>

## RECONCILIATION OF NON-IFRS MEASURES

The following tables provide a reconciliation of net income to EBITDA, adjusted EBITDA, and adjusted net income:

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2024	March 31, 2023
Net income	\$ 13.8	\$ 16.1
Depreciation and amortization	10.5	6.6
Amortization of intangible assets related to business combination	12.3	12.8
Income tax expense	5.7	8.1
Finance income	(0.7)	(0.3)
Finance costs	6.1	2.5
EBITDA	\$ 47.7	\$ 45.8
Unrealized foreign exchange (gain) loss	(1.5)	1.4
Unrealized (gain) loss on derivative financial instruments	(0.9)	0.5
Gain on disposal of assets	(5.8)	—
Share based compensation	2.5	1.2
Adjusted EBITDA	\$ 42.0	\$ 48.9
Adjusted EBITDA margin	20.1%	24.2%

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2024	March 31, 2023
Net income	\$ 13.8	\$ 16.1
Amortization of intangible assets related to business combination	12.3	12.8
Gain on disposal of assets	(5.8)	—
Unrealized (gain) loss on derivative financial instruments	(0.9)	0.5
Net foreign exchange gain	(2.3)	(0.4)
Share based compensation	2.5	1.2
Income taxes related to the above items <sup>1</sup>	(1.5)	(3.7)
Adjusted net income	\$ 18.1	\$ 26.5
Weighted average number of shares outstanding - diluted	123,263,439	119,562,008
Adjusted earnings per share - diluted	0.15	0.22

<sup>1</sup> Standard income tax rate of 26.5% applied