ANNUAL INFORMATION FORM
for the year ended December 31, 2021

Dated: March 17, 2022

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ANNUAL INFORMATION FORM

INTRODUCTION

General

In this Annual Information Form (the "**AIF**"), unless the context otherwise requires, "MDA", the "Company", "we", "us" or "our" refers to MDA Ltd., its subsidiaries and divisions and their respective predecessors. For an explanation of the capitalized terms and expressions, please refer to the "Glossary of Terms" at the end of this AIF. All references to "dollars" and "$" are to Canadian dollars. Unless otherwise indicated, the information contained herein is given as at December 31, 2021.

Forward-looking Information

This AIF contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable Canadian securities laws. In some cases, forward-looking information can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking information. The Company has based statements containing forward-looking information on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. This forward-looking information includes, among other things, statements relating to the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans, objectives and responses to the outbreak of the coronavirus disease ("**COVID-19**"). Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects, financial targets or outlook, intentions, opportunities, the markets in which we operate, and the potential impact of, and response measures to be taken in respect to COVID-19, is forward-looking information.

Statements containing forward-looking information are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the Company believes that the assumptions underlying these statements are reasonable as of the date of this AIF, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, readers should not place undue reliance on the forward-looking information. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, but not limited to those listed in this AIF under "Risk Factors", which factors should not be considered exhaustive and should be read together with the other cautionary statements in the Company's disclosure documents.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

Although the Company bases the forward-looking information on assumptions that it believes are reasonable when made, the Company cautions readers that statements containing forward-looking information are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking information contained in this AIF. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking information contained in this AIF, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on the forward-looking information. Any forward-looking information that is made in this AIF speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

CORPORATE STRUCTURE

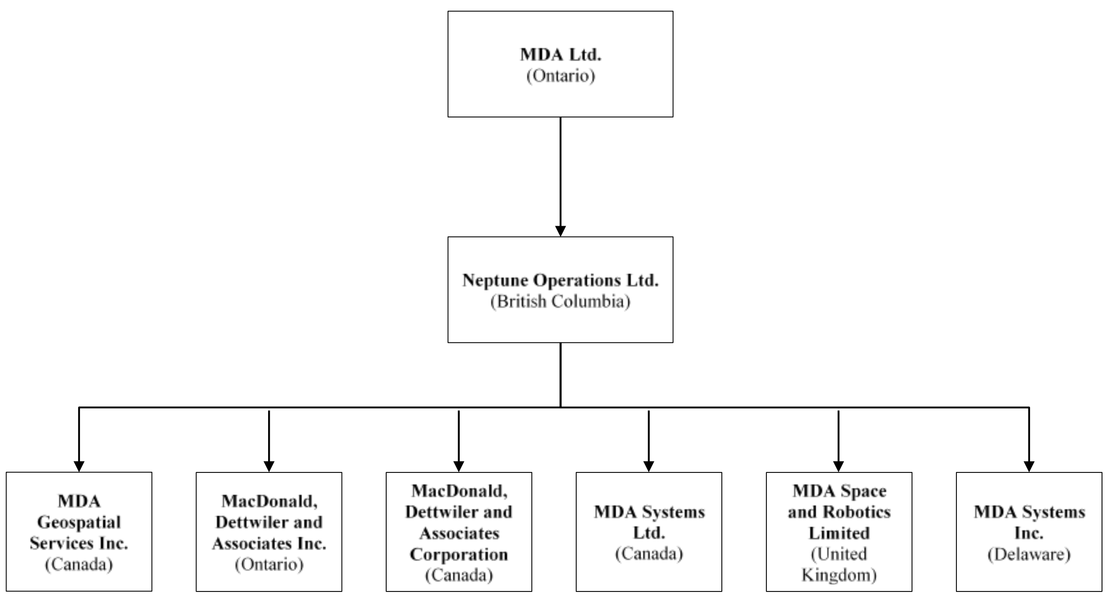
Name, Address and Incorporation

The Company is a corporation incorporated under the OBCA on June 2, 2020. On March 19, 2021, the Company's articles were amended to change the Company's name from "Neptune Acquisition Holdings Inc." to "MDA Ltd.". On April 6, 2021, the Company and 2828330 Ontario Inc., a corporation incorporated under the OBCA, were amalgamated under the OBCA as part of certain transactions undertaken in connection with the closing of the IPO (as defined below).

The Company's head and registered office is located at 9445 Airport Road, Brampton, Ontario, Canada, L6S 4J3.

Intercorporate Relationships

The following chart identifies the Company's material subsidiaries (including jurisdiction of formation or incorporation of the various entities) as of the date of this AIF. All subsidiaries are wholly-owned, directly, by the Company unless otherwise stated.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a description of certain of the Company's material developments over the last three completed financial years:

February 2019...... MDA selected to provide design services for the Electronic Warfare suite system for Canada's next generation Surface Combatant ships.

May 2019............. MDA awarded a contract by Canadian Department of National Defence for the development and manufacturing of 10 flight-ready Search and Rescue/Global Positioning System repeaters.

June 2019.............	Three MDA RADARSAT Constellation Mission satellites launched on SpaceX Falcon-9 rocket.
April 2020............	Consortium of investors led by Northern Private Capital Ltd. ("**NPC**") acquires MDA from Maxar.
May 2020.............	MDA received a contract to support robotic operations on the International Space Station ("**ISS**").
December 2020.....	MDA selected for the development of Canadarm3 for the Gateway, which is a major, multi-year international collaboration led by NASA to establish a sustainable space station in lunar orbit to support human and robotic missions to the surface of the Moon (the "**Gateway**").
January 2021........	MDA awarded a contract by the Canadian Space Agency ("**CSA**") to provide satellite flight operations and data management services for Earth observation ("**EO**") and space situational awareness satellite missions.
February 2021......	MDA announced an initiative to provide operational continuity for RADARSAT-2 and selected to provide Telesat LEO Lightspeed constellation Direct Radiating Arrays and high-speed, high-volume spacecraft final assembly.
April 2021............	MDA completed its initial public offering (the "**IPO**") of its common shares (the "**Common Shares**"), following which the Common Shares began trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "MDA". At closing of the IPO, the Company issued 28,571,500 Common Shares at a price of $14.00 per Common Share for total gross proceeds of $400 million. On April 14, 2021, MDA closed on the full exercise of the over-allotment option granted in connection with the IPO, issuing an additional 4,285,725 Common Shares for additional proceeds of $60 million to the Company.
July 2021..............	MDA awarded a $35 million contract from the CSA for the design of Gateway External Robotics Interfaces, a key component of Canadarm3 which will be installed on the Gateway. This contract was the third awarded to MDA in conjunction with its Canadarm3 program.
August 2021..........	MDA entered into agreement with Intuitive Machines, LLC to provide Lunar landing sensors to support its upcoming IM-1 and IM-2 missions. As a result, MDA landing sensors will support the first soft landing US mission to the Moon since 1972, scheduled for early 2022. MDA landing sensors will also support the first ever mining mission to the South Pole of the Moon in late 2022.
September 2021....	MDA awarded the full contract from Mitsubishi Electric Corporation in Japan to provide a Laser Rangefinder altimeter for the JAXA (Japan Aerospace Exploration Agency) MMX (Martian Moons eXploration) mission.
November 2021	MDA awarded a contract by the CSA to undertake Phase A initial design study for a Canadian Lunar Rover mission to the Moon.
December 2021.....	MDA entered into an agreement for ICEYE to supply an X-band Synthetic Aperture Radar ("**SAR**") spacecraft for CHORUS™, MDA's next generation commercial EO mission.

Recent Developments

The following is a description of certain of the Company's recent developments:

February 2022......	MDA selected as the prime contractor for Globalstar Inc.'s ("**Globalstar**") new LEO satellites. The contract, valued at US$327 million (approximately C$415 million), includes the design, manufacture, assembly and test of 17 satellites, with options for Globalstar to purchase up to nine additional satellites. The satellites to be built at MDA's new state-of-the-art high volume satellite production facility in Montreal will integrate with Globalstar's existing constellation, ensuring service continuity for Globalstar customers.

March 2022 .... MDA awarded a contract by the CSA to undertake Phase B preliminary design for the Canadarm3 robotics system that will be used aboard the Gateway.

DESCRIPTION OF THE BUSINESS

Overview

MDA is an advanced technology and service provider to the burgeoning global space industry and plays a critical role in enabling space-based connectivity, enhanced EO and exploration and habitation of space. With world-class engineering capabilities, space mission expertise, and a portfolio of cutting-edge, next generation space technologies, MDA is the partner of choice for emerging space companies, prime contractors, and government agencies worldwide.

MDA is an established, profitable and growing leader in the space economy, which the U.S. Chamber of Commerce estimates will expand by over US$1.1 trillion from 2017 to 2040, to US$1.5 trillion annually. This growth is expected to be driven by unprecedented commercial and government investments in space, which reflects the importance of space in an increasingly global, sophisticated, and data-driven world.

We are differentiated by factors including our long track record of success and innovation in space; our profitable operations; the breadth of our customer relationships; our experienced team of 1,118 engineers averaging over 9 years of tenure with the Company; some of the highest quality equipment and resources in the industry; and MDA's world class portfolio of successful projects, technologies, and patents.

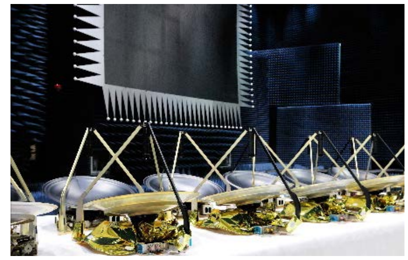
Across our three business areas – Geointelligence, Robotics & Space Operations, and Satellite Systems – we serve nearly every sector of the rapidly growing space economy, with mission expertise and technology tailored to new space applications. In Geointelligence, we use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of use cases, including in the areas of national security, climate change monitoring, and maritime surveillance. In Robotics & Space Operations, we enable humanity's exploration of space by providing autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. In Satellite Systems, we provide systems and spacecraft to enable space-based services, including next generation communication technologies designed to deliver space-based broadband Internet connectivity from LEO satellite constellations.

MDA's position as a leader in the space industry is driven by our broad suite of technology and full lifecycle solutions and is highlighted by our high win rate on bids that proceed to contract. We work collaboratively with our customers in the early engineering phases of product development and seek to provide services throughout a platform's life, including hardware and software engineering, prototyping, manufacturing, integration, operation of the platform, and ongoing maintenance services. This approach provides long-term recurring revenue opportunities that often span decades.

Our positioning today as an independent merchant supplier allows us to serve a broad range of industry participants, including emerging space companies, prime contractors servicing the space industry, and over 75 governments with space agencies around the world. Our separation from Maxar provides us opportunities to work more freely with U.S. prime contractors, which we believe will materially increase our revenue potential with the U.S. government. Additionally, our return to Canadian ownership has better positioned us with the Canadian government to win major Canadian space projects as well as a greater share of work from international customers.

Our capabilities are divided into the following three business areas:

Geointelligence	**Robotics & Space Operations**	**Satellite Systems**
40% of Fiscal 2021 Revenue	28% of Fiscal 2021 Revenue	32% of Fiscal 2021 Revenue



Geointelligence

In Geointelligence, we provide end-to-end solutions and services related to EO and intelligence systems. We use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of end uses, including in the areas of national security, climate change monitoring and global commerce.

Our EO business includes the collection, processing and dissemination of Earth imagery data from space. As the operator and owner of worldwide commercial data distribution for the RADARSAT-2 satellite, we are one of the largest space radar information providers worldwide. Our extensive data archive is comprised of approximately 90 billion square kilometers of Earth imagery data. We also distribute space-based SAR data from third parties along with other mission data (e.g. high resolution optical imagery, satellite-based AIS data, and radio-frequency data). Our imagery solutions provide customers with timely, accurate and mission-critical information about our changing planet and support a wide variety of uses and sectors, including defense and intelligence, energy and natural resources, industrials, agriculture and forestry, public authorities, services (e.g., finance, insurance, news and media) and weather.

We also provide geospatial services that combine imagery, contextual information, analytic expertise and innovative technology to deliver integrated intelligence solutions to customers. The Company provides analytic solutions that document change and enable geospatial modeling and analysis that is intended to predict where events will occur to help customers protect lives and make resource allocation decisions.

The largest market for our EO data and services is maritime surveillance. Government and commercial organizations rely on us for mission critical real-time data to track maritime activity, visualize maritime crime patterns, identify and monitor illegal, unreported and unregulated fishing, track ice floes, shorelines and ocean winds, detect possible oil spills and monitor vessels. We have been a leading provider of these mission critical services for over 25 years and play an integral role in our customers' surveillance strategies.

Our end-to-end solutions include a full range of multi-satellite ground stations that receive, process, distribute, archive, and exploit imagery from RADARSAT-2 and other satellites. Over the last 30 years, we have installed more than 70 receiving ground stations in more than 25 different countries, which have processed data from over 20 different satellites. The intelligence provided through our ground stations supports a broad range of applications, including national security, maritime transportation, urban development, land use, resource management, environmental monitoring, defense operations, law enforcement and mapping.

MDA is in the design phase of a next generation EO mission, named CHORUS, which will include C-band and X-band SAR satellites. CHORUS builds on the strong heritage of the RADARSAT program and brings forward innovative new technologies and operations concepts to deliver significantly enhanced Geointelligence capabilities.

The Company also provides a number of defense information solutions, including command and control systems and airborne surveillance solutions. We are the original solution provider of many of these systems. The Company provides advanced aeronautical navigation information solutions that increase safety and efficiency of aircraft landings and departures, supporting the next generation of air traffic management. We also operate a long endurance unmanned aerial vehicle ("**UAV**") surveillance service that provides real-time, multi-sensor intelligence to support critical operations.

Our principal customers in our Geointelligence business are Canadian, U.S. and international government agencies (primarily defense and intelligence agencies), as well as a wide variety of commercial customers in multiple markets, including the Canadian Department of National Defence, CSA, European Maritime Safety Agency, U.S. Air Force, and National Oceanic and Atmospheric Administration.

Our major existing and potential competitors for our Geointelligence business include Airbus, E-Geos, KSAT, Maxar, Capella and ICEYE, as well as other commercial satellite imagery companies, government-owned imagery providers, free sources of imagery, UAVs, and companies that provide geospatial analytic information and services to government agencies, including defense prime contractors. We compete on the basis of the technical capabilities of our and third party satellites, such as size of collection area, collection speed, revisit time, resolution, accuracy and spectral diversity; satellite availability for tasked orders; distribution platform and tools that enable customers to easily access and integrate imagery; value-added services, including advanced imagery production and analysis; timeliness and ready availability of imagery products and services that can be deployed quickly and cost-effectively with near real-time delivery in less than 10 minutes; and price. Each competitor operates satellites with different capabilities and therefore provides a unique offering to end users. As a result, end users will select providers based on the specific use of data, imagery and multi-source analytics required to solve their information needs.

Robotics & Space Operations

In Robotics & Space Operations, we enable humanity's exploration of space by providing autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. Our industry leading, end-to-end design, manufacturing and operations capabilities are critical for advanced space applications including space station operations, on-orbit servicing, manufacturing and assembly, space tourism and space mining. Our products include: robotic arms, electro-optic and light detection and ranging ("**LiDAR**") sensors, robotic interfaces, tooling, robotic ground stations and operations services, vision and targeting systems, guidance/navigation/control subsystems, and rover locomotion subsystems.

Demand for space robotics and mission-support services is primarily driven by ISS activities and lunar and deep space exploration. The increase in the number of satellites and other spacecraft is driving demand for emerging solutions in on-orbit servicing (e.g., the upgrade and repair, relocation and refueling of satellites in orbit) and manufacturing. We have a long history in space robotics, having developed the Canadarms for NASA's Space Shuttle program, and the Canadarm2 and Dextre robotic systems which are currently in service on the ISS. We provided robotics operations capabilities and sensors for numerous Space Shuttle missions and have supported Canadarm2 and Dextre operations on the ISS for the past 20 years. As a result of this work, our experience spans over 3 million hours of technical support to on-orbit robotic operations. We are now working on the Canadarm3 program, our third generation Canadarm that will provide AI-based robotics for the Gateway.

We designed and built the robotic system on the Orbital Express mission, which enabled the world's first autonomous on-orbit servicing demonstration, and have developed full interface solutions for on-orbit refueling for most western nation satellites in GEO that were launched without refueling interfaces. We are now engaging in future space missions where our technology and on-orbit experience provide the foundation to deliver innovative solutions for space infrastructure servicing, assembly and maintenance, including the construction of commercial human habitats in space.

Our LiDAR sensors are critical to rendezvous, docking, inspection, and landing activities as part of on-orbit and planetary missions. These sensors are used today to dock spacecraft with the ISS, and next-generation versions will be used to land spacecraft on the Moon and Mars. Since 2008, we have provided key sensors and robotics to Mars missions, including the ExoMars Rover, the Phoenix Lander and the Curiosity Rover. We built the LiDAR instrument for the OSIRIS-Rex mission that completed a scan of asteroid Bennu from 300 kilometres away, the world's first 3D scan of an asteroid from an orbiting spacecraft. MDA sensors have been operational on 8 missions for NASA's Cygnus spacecraft.

We also develop commercial space robotic solutions that serve the needs of the emerging commercial space marketplace. Our products and services support logistics delivery, satellite servicing, debris removal, relocation of assets, in-space assembly, and infrastructure maintenance. We have developed integrated space robotic systems, technologies, interfaces, tools, operational techniques, and control algorithms to enable cost-effective solutions for commercial space endeavours.

Our principal customers in our Robotics & Space Operations business are Canadian, U.S. and international government agencies, including CSA and NASA, as well as a wide variety of commercial customers in multiple markets, including Maxar, Northrop Grumman, Airbus, Intuitive Machines, Astroscale, and MELCO.

Our major existing and potential competitors for our Robotics & Space Operations business include Oceaneering, Honeybee Robotics, Motiv, Maxar, Malin and Jena. The current competitive market dynamics consist primarily of, in connection with each solution procured by customers for their specific spacecraft or mission, competitive tensions between heritage and proven on-orbit flight performance providers versus low cost, non-proven providers that are newer to the market.

Satellite Systems

In Satellite Systems, we provide systems and sub-systems to enable space-based services, including next generation communication technologies that will deliver space-based broadband Internet connectivity from LEO satellite constellations as well as solutions that span across the full communication frequency band.

We are a prime contractor and a supplier of satellite systems and sub-systems used in LEO, MEO and GEO satellites for commercial and government customers worldwide, including antenna, electronics and payloads. Our antenna products include UHF antennas, L-band arrays, C and Ku band reflector antennas, Ka band multi-beam antennas, steerable antennas, and LEO/MEO constellation antennas. Our electronics products include avionics, command and control, onboard signal processing, single board computers, frequency generation, frequency converters, amplifiers, and power conditioners. Our payload products and services include communication payload design, SAR payload design, manufacturing, integration and verification solutions for customers.

“Payloads” are the core business functionality of a satellite. For example, in an EO satellite, the payload is its cameras or radar system that will observe the Earth. In a communications satellite, the payload is its communication solution. The payload enables the satellite to fulfill its objectives. The Company delivers full payload systems, together with antennas and electronic products, and provides engineering support and services in connection with the integration and operation of the satellite. At MDA, payloads also include the delivery of major communications subsystems of space vehicles and space stations.

We have provided satellite subsystems to enable next generation communication constellations such as O3b, Iridium Next, and OneWeb. We will continue to be at the forefront of LEO systems development as a provider of technology to Telesat’s planned LEO constellation (Lightspeed), one of the world’s first digital space-based broadband Internet communication constellations. To support these customers, MDA has continually adapted its satellite manufacturing, which now includes fourth generation robotics-based technologies capable of producing dozens of satellite sub-systems each month. Our antennas, payloads and electronics have flown on more than 300 space flight missions.

Through our participation in many of the major satellite constellations to date, and with our new state-of-the art high volume satellite production facility in Montreal, we have solidified our position as a satellite prime contractor with the February 2022 selection as Globalstar’s new LEO constellation provider. In this contract, MDA will be responsible for the complete satellite design, manufacture, assembly and test of 17 satellites with options for an additional nine satellites.

We are also developing a range of digital payload components (e.g., channelizer, on-board processor, active antennas) to address the industry transition from analog satellites to digital satellites. MDA has a proven Software Defined Radio (SDR) capability for space-based communication solutions, with current contracts including the Power and Propulsion Element (PPE) module on the Gateway.

Our principal customers in the Satellite Systems business are Airbus, Maxar, OneWeb, Sierra Space, Telesat, Thales, IAI, Boeing, NEC, Aselsan, Mitsubishi, Northop Grumman and OHB.

Our major existing and potential competitors for our Satellite Systems business include the in-house capability of all major satellite prime contractors, such as Airbus, Thales and Northrop Grumman, as well as niche providers such as Harris and Oxford Space System for antennas.

Production and Services

In both Geointelligence and Robotics & Space Operations, a significant portion of the business involves long-term projects which are based on fixed price contracts. The Company has sufficient processes and systems in place to ensure compliance of its systems with ISO standards, to reasonably measure and monitor the technical risk and financial performance of these contracts, and to recognize revenues using the percentage of completion method. Our geospatial information solutions and services are derived from satellites and other data sources. The solutions provide applications for defence intelligence and surveillance, resource management, and environmental responses.

In Satellite Systems, we participate in a highly competitive commercial satellite manufacturing industry. Our success is principally based on our relationships, technical capabilities and engineering expertise, product reliability, cost and our ability to meet delivery schedules. Our major contracts are generally firm fixed price contracts under which work performed and products shipped are paid for at a fixed price generally without adjustment for actual costs incurred.

Specialized Skill and Knowledge

Investments in our people and research and development are key to MDA staying at the forefront of technological innovation. We rely on engineers and scientists with a range of skills and knowledge, as well as more specialized engineering and scientific skills related to our business. As of the date of this AIF, we have over 1,118 engineers averaging over 9 years of experience with the Company, working across eight facilities in Canada and two international sites with some of the highest quality equipment and resources in the industry at their disposal. We expect to hire an additional 400 engineers over the next year to support our growth strategies. Our people and their knowledge are at the heart of our success. With our headquarters in Canada and our position as a preeminent technology company, we have access to top talent looking to work in the rapidly growing space economy. We believe our commitment to employee growth and engagement helps us attract the best talent in the industry. Our work environments are decentralized, which facilitates greater autonomy within our teams, and we encourage our employees to be creative and entrepreneurial.

As at the date of this AIF, the Company has over 2,400 staff in Canada, the United States and internationally, of which approximately 97% are located in Canada.

Facilities

The Company’s business operates largely out of Brampton, Ontario, Richmond, British Columbia, Sainte Anne-de-Bellevue, Quebec and other areas of Canada, with smaller operations in the United Kingdom and Houston, Texas. The Canadian facilities encompass approximately 565,000 square feet of leased space and 366,000 square feet of owned space.

The following table provides an overview of our facilities:

	Richmond	**Brampton**	**Nepean**	**Kanata**	**Gatineau**	**Sainte Anne-de-Bellevue**	**St. Hubert**	**Dartmouth**	**Harwell, UK**	**Houston, US**
Business Area	Geo	Robotics & Space Ops.	Geo	Robotics & Space Ops.	Geo	Satellite Systems	Geo and Robotics & Space Ops.	Geo	Robotics & Space Ops.	Robotics & Space Ops.
Type (Engineering / Manufacturing)	Eng	Eng / Mfg	Eng	Eng / Mfg	Eng	Eng / Mfg	Eng	Eng	Eng / Mfg	Eng
Leased / Owned	Leased	Leased	Leased	Leased	Leased	Owned	Leased	Leased	Leased	Leased

	Richmond	Brampton	Nepean	Kanata	Gatineau	Sainte Anne-de-Bellevue	St. Hubert	Dartmouth	Harwell, UK	Houston, US
Sq. Ft.	181,588	321,191	6,687	40,000	2,091	366,000	4,273	16,782	6,000[(1)]	9,077

Notes:

(1) The Harwell UK lease was entered into in December 2021, with the term beginning in April 2022.

Intellectual Property

MDA's world class portfolio of successful projects, technologies, and patents place us in a strong position to continue playing a critical role in humanity's foray into space.

We own a substantial intellectual property portfolio that includes many Canadian and foreign patents, as well as many Canadian and U.S. copyright, trademarks and service marks. We actively pursue internal development of intellectual property. In addition to our patent portfolio, we own other intellectual property such as unpatented trade secrets, know-how, data and software. We rely on licenses of certain intellectual property to conduct our business operations, including certain proprietary rights to and from third parties. While our intellectual property rights in the aggregate are important to our operations, we do not believe that any particular trade secret, patent, trademark, copyright, license or other intellectual property right is of such importance that its loss, expiration or termination would have a material effect on our business.

Research and Technology Development

We have a history of investing in development of technological advancements in our various fields. We have both internally and externally funded research and development projects. Our current and future business is dependent on developing new enhancements and technology that will be used in our existing and future products and services. Our research and development expenses (after customer reimbursement for certain expenses) were $21.1 million for the year ended December 31, 2021. Combined with the capitalized development costs for new proprietary technologies and software ($47.5 million), MDA's overall investment in research and new technology development was $68.6 million in 2021.

This investment in research and technology development is supporting each of MDA's three business areas. To support CHORUS, MDA's next generation commercial EO mission, the Company is developing updated SAR designs using state-of-the-art component technologies, technologies enabling Near-Real Time ("**NRT**") cross-cueing of the constellation C-band and X-band SAR satellites, advanced SAR analytics and on-board processing capabilities for functions such as vessel detection. MDA's growing business in next-generation communication satellite constellations such as Telesat Lightspeed is being fueled by investment in technology development of Direct Radiating Array antennas and on-board processing technologies whose combination will enable flexible routing/channelization, beamforming and signal regeneration. In MDA's Robotics & Space Operations business area, technology development of a portfolio of pre-qualified multi-purpose space robotics components with supporting ground control system is underway to support anticipated commercial on-orbit servicing/space servicing vehicle developer markets.

We intend to continue our focus on research and development and product and service enhancements as a key strategy for innovation and growth. MDA expects to invest $600 million in new technology over the next 5 years with continued focus on the technologies described above.

Raw Materials

Our businesses are generally engaged in limited manufacturing activities and have minimal exposure to fluctuations in the supply of raw materials. For those businesses that manufacture and sell products and systems, most of the value that we provide is labour oriented, such as design, engineering, assembly and test activities. In manufacturing our products, we use our own production capabilities as well as third-party suppliers and subcontractors.

New Products

MDA is in the design phase of its next generation constellation, CHORUS, which provides an advanced SAR satellite capability, specifically designed for enhanced maritime domain awareness. CHORUS is expected to be the world's first dual-band SAR constellation, which builds on our RADARSAT heritage to provide continuity of services and enhanced capabilities.

CHORUS is expected to operate in an inclined LEO which will permit frequent imaging day or night and in all weather conditions. The mission is expected to include significant innovations that result in improved access, better revisit, broader swath coverage, lower noise, less data compression, faster data rates, high-resolution and tip-and-cue capabilities.

The powerful C-band SAR satellite will provide broad area coverage in concert with a smaller trailing X-band SAR satellite for higher resolution data collection and NRT cross-cueing.

In keeping with RADARSAT heritage, CHORUS will showcase unique capability for maritime surveillance and other time-critical applications, such as land intelligence and disaster response. This NRT capability will be enabled through fast-tasking for tactical operations and direct downlinks to a global network of cloud-enabled ground stations.

Cycles and Economic Dependence

We have not historically experienced seasonality in our operations. Our Geointelligence and Robotics & Space Operations business areas are project driven and, therefore, can experience an irregular revenue profile as the result of large projects being at varying stages of completion, however, there is no specific seasonal or cyclical impact. In Satellite Systems, satellite demand is driven by fleet replacement cycles, increased video, Internet and data bandwidth demand and the development of new satellite applications.

A significant portion of the Company's expected revenue over the next several years is concentrated in a small number of contracts, including the contracts for Canadarm3, Canadian Surface Combatant and Telesat Lightspeed. The loss or termination of, or a breach or reduction of services under, any of these contracts could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the cancellation or material reduction in scope of the government programs for which the Company provides services could also have a material adverse effect on the Company.

Environmental Regulations

Our operations are regulated under various federal, provincial, local and international laws governing the environment, including laws governing the discharge of pollutants into the soil, air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We have infrastructure in place to ensure that our operations are in compliance with all applicable environmental regulations. We do not believe that the costs of compliance with these laws and regulations will have a material adverse effect on our capital expenditures, operating results or competitive position.

Industry

The U.S. Chamber of Commerce estimates the global space economy will expand by over US$1.1 trillion from 2017 to 2040, to US$1.5 trillion annually. This growth is expected to be driven by unprecedented commercial and government investments in space, which reflects the importance of space in an increasingly global, sophisticated, and data-driven world. Commercial spending on space is being driven by record levels of equity investment, which reached an all-time high of US$14.5 billion in 2021, a 50% increase compared to 2020, according to Space Capital. Global government budgets for space also reached an all-time high of US$92 billion in 2021, an 8% increase over 2020. In 2021 alone, industry milestones exemplifying the strength and growth of the global space economy included: (i) global launch attempts reached a record 146 in 2021, up 30% from 2020; (ii) NASA received approximately a dozen proposals from companies looking to establish commercial space stations and awarded contracts to three of the companies; (iii) in space tourism, 14 civilians experienced space travel in 2021, double the number from all prior years combined; (iv) 1,849 satellites were launched into orbit in 2021, a 45% increase compared to 2020; and (v) the world's largest and most powerful telescope, the James Webb Space Telescope, was launched and will begin to deliver images later this year. Our portfolio of world-class technology is well-positioned to take advantage of the fastest growing areas of the space economy, including the deployment of LEO satellite constellations for communications and EO applications, space exploration, space-based defense spending, and on-orbit servicing of satellites and spacecraft.

Lower Costs and New Technologies are Driving the Commercialization of Space

New commercial space-based businesses are increasingly becoming more prevalent due to lower launch costs and more powerful satellite technologies. Between 1970 and 2000, the average cost to launch a payload into low Earth orbit was US$18,500 per kilogram. Today, launching a spacecraft is 10x cheaper than it was a decade ago and is expected to continue to fall to US$200 per kilogram. Additionally, the development of small satellites with new technologies and advanced capabilities has resulted in a significant reduction in the cost of satellites.

The combination of technology advancements and reduced launch and satellite costs has improved the economic feasibility of many space-based activities and services, including space-based broadband Internet, EO, manned spaceflight, space tourism, and asteroid mining.

Space is Enabling Global Connectivity

We live in an increasingly interconnected and data dependent world, where over 70,000 gigabytes of data is sent over the Internet every second. Data usage is expected to continue to increase as available bandwidth expands to enable universal connectivity and next generation technologies. Internet access is becoming a basic human right and global broadband connectivity is a critical pillar for socioeconomic development. Broadband Internet connectivity will grow from 51% of the global population in 2019 to 75% in 2025, according to the United Nations.

Satellites represent one of the most efficient methods to support universal connectivity and are disrupting traditional terrestrial broadband providers. The proliferation of LEO satellite constellations is expected to drive the majority of new satellite capacity, while GEO satellite demand is expected to remain stable as an important source of broadband connectivity. OneWeb, SES, Lightspeed (Telesat), Starlink (SpaceX), and Kuiper (Amazon) are collectively expected to deploy over 8,600 small LEO satellites within the next five years. *Northern Sky Research* estimates that more than 66 Tbps of capacity is expected to launch from the Phase 1 constellations of these companies within the next 5 years, compared to approximately 10 Tbps of additional capacity from GEO-HTS over the same period. These LEO communication constellations are critical to supporting global connectivity needs and enabling next generation technologies, including Internet of Things ("**IoT**") applications, connected vehicles, and 5G communications.

EO is Critical to Global Sustainability and Economic Productivity

Euroconsult estimates that the global market for EO data and services will reach US$7.4 billion by 2030, growing from US$4.1 billion in 2020. EO plays a critical role in search and rescue mission effectiveness as well as global and regional sustainability objectives, including monitoring of illegal fishing activity and tracking pollution and arctic ice levels. Of the 50 Essential Climate Variables identified by the World Meteorological Organization to monitor climate change, 26 can only be effectively observed from space.

EO is also becoming an increasingly important driver of economic productivity across a broad range of sectors, including (i) agriculture (monitoring of crop health, yield estimation, and optimization of production and costs); (ii) critical infrastructure (monitoring of deployed assets, planning of new installations, and predicting future infrastructure needs); and (iii) commerce and trade (analyzing economic activity, increased supply chain visibility, and assessment of market dynamics).

As demand for EO data grows, analytics services are becoming increasingly important for synthetizing data and providing actionable information to support decision-making. *BIS Research* estimates that the global geospatial imagery analytics market will grow at an approximately 16% CAGR from 2020 to 2025.

The Future of Space Depends on Robotics and On-Orbit Solutions

Robotics and on-orbit solutions will be critical to enabling the forecasted economic growth of the new space economy. Autonomous robotics are expected to drive on-orbit applications, including satellite refueling, repositioning, repair, and de-orbiting services, with a view to reducing costs and improving safety. On-orbit services are expected to further lower the costs of operating in space by extending satellite life, reducing replacement requirements, and improving mission continuity. The U.S. Department of Defense estimates that 90% of man-made objects in space are debris, and removal services will be essential to control pollution in orbit and reduce risk to operational space assets.

As humanity expands toward next generation space missions, including asteroid mining and habitats beyond LEO, on-orbit assembly and manufacturing will be essential to ensuring mission success and economic viability. Advancements in robotics, sensors, AI, and systems miniaturization will support the growth of in-space manufacturing and assembly capabilities. These capabilities are expected to enable longer missions with greater flexibility as spacecraft can be constructed, reconfigured, and repaired in space.

The rapid emergence of an in-space economy is expected to drive demand for these on-orbit serving solutions and in-space manufacturing capabilities. *Northern Sky Research* estimates that the market for on-orbit services will generate cumulative revenues of US$6.2 billion from 2021 to 2030.

Space is Critical to National Security

Space is now a critical military domain equal in importance to the traditional fields of air, land, and sea. Space-based assets are required for a broad range of essential military applications including communications, intelligence and surveillance, missile warning and tracking, and navigation.

Several countries around the world have developed offensive capabilities in space over the last decade, which have the ability to disrupt or destroy strategic space assets. In response to this threat, many countries' militaries are increasing funding and creating independent space commands to reinforce national security priorities. The global defence community spent US$39 billion on space programs in 2021, a 22% increase from the US$32 billion spent in 2020, according to *Euroconsult*. In addition, at least nine countries around the world have developed independent space commands over the last five years, including the U.S., the United Kingdom, India, Italy, Germany and Japan.

Furthermore, militaries have begun to shift their constellation architecture from a few large satellites to many cost effective, but powerful small satellites, a strategy that was previously too expensive to employ. The deployment of many small satellites versus a limited number of large satellites significantly improves the resiliency of strategic space-based assets. Governments are leveraging commercial space companies' ability to innovate and deliver cost effective solutions to enable this small satellite constellation strategy.

The Future of Humanity is Interplanetary

Space has become a truly borderless frontier, with approximately 90 countries around the world indicating interest in contributing to space programs and 75 countries that already have some form of space agency. *Euroconsult* estimates the number of space exploration missions will increase by 250% over the next decade to 130 as countries pursue manned Lunar and Martian missions and search for signs of life in our solar system.

Government funding for space exploration is projected to increase from less than US$20 billion in 2019 to US$30 billion by 2029. *Euroconsult* estimates that there will be over 50 lunar missions over the next decade with 10 countries and the European Union planning 15 robotic missions for 2022 alone. Furthermore, NASA has announced plans to spend approximately US$7 billion per year on deep-space exploration programs to enable the return of astronauts to the moon by 2025. The increasing frequency of Lunar missions will be driven by a diverse number of countries around the world, including Canada, Israel, India, China, Russia, the U.S., and the United Kingdom. Martian exploration is also on the rise. In 2021, the United Arab Emirates, the U.S., and China all successfully executed missions to Mars. Additional missions are planned over the next few years from the U.S., Russia, China, Japan and the European Space Agency, with the goal of landing humans on the planet in the 2030s.

Competition

As one of the most advanced technology and service providers to the space economy, we are well-positioned to provide innovative, mission critical solutions to emerging space companies, large prime contractors, and governments. We believe our high win rate for bids that proceed to contract in recent years is indicative of our ability to provide differentiated solutions to these customers, which is driven by the following competitive strengths:

Full Mission Expertise and Advanced Technologies Tailored for the New Space Economy

We provide a cutting edge, end-to-end offering of technologies and solutions in each of our business areas. This differentiated full mission expertise enables us to deliver a seamless solution to customers in the fast-paced new space economy.

In Geointelligence, we own and operate one of the world's most technologically sophisticated, taskable wide area SAR satellites and have developed one of the world's largest multi-sensor ground station networks. Our integrated satellite and ground station network, combined with our value-added analytics capabilities, enables us to deliver a cutting edge and fully integrated EO solution to our customers. Our ability to provide actionable information in near real-time through this integrated solution offering differentiates us from competitors who lack a fully integrated solution.

In Robotics & Space Operations, we possess industry leading and end-to-end technological capabilities underscored by a rich patent portfolio and extensive on-orbit operational expertise. These technological capabilities enable us to provide mission critical solutions for advanced space applications including space station operations, on-orbit servicing, in-space manufacturing and assembly, space tourism, and space mining.

In Satellite Systems, we have high volume assembly, integration, and testing facilities with differentiated technologies and expertise across the full spectrum of electromagnetic bands. These facilities, technologies, and expertise enable us to deliver customized solutions and aftermarket and replacement services at a pace that we believe is faster than our competitors. They are also critical in enabling us to address next generation space-based missions for broadband communications, IoT applications and 5G mobile services.

Many of our competitors possess expertise for a portion of a mission, but lack full end-to-end capabilities. Emerging space companies with new business models seek out MDA as a development partner because our technology and solutions offerings seamlessly enable their mission from early engineering, construction, and launch to servicing and replacement.

Agility and Scale Positions Us to Serve Both Emerging Space Companies and Established Customers

Our organizational structure and entrepreneurial culture enable us to respond rapidly to customer needs and market trends across all our business areas. We believe the pace of space innovation has accelerated and that our focus on agility is critical to our customers' success. This focus on agility allows us to collaborate with partners to provide customized solutions, iterate quickly, and achieve optimal outcomes. Our culture and organizational structure provide us with a competitive advantage over our large prime contractor competitors in terms of our ability to be responsive and to efficiently deliver bespoke solutions.

We have significant scale with over 200,000 square feet of extensive laboratories, manufacturing, and test facilities and the support of a supply chain of over 500 proven contractors. This provides us with the engineering capabilities necessary to deliver on large and complex missions, in a way that smaller emerging space companies may be unable to manage.

The combination of our agility and scale positions us to service both emerging space companies that require fast and cost-efficient solutions as well as large commercial and government customers that require customization and high-volume capabilities.

Trusted Partner with a Strong Track Record of Execution

Space is a hostile and unforgiving operating environment with a high cost of failure. As a result, our customers prefer to work with proven partners to ensure the success of their missions. Our reputation and track record for delivering mission critical solutions provides customers and their investors with confidence that we will enable the successful completion of their mission. The confidence we instill in our customers drives new business wins, and represents a powerful advantage that would take years for less experienced competitors to develop.

Our reputational advantage is illustrated by our work for OneWeb on its 900 satellite LEO constellation. OneWeb sought out our assistance to develop the design requirements and then manufacture the components for their constellation due to our exemplary performance on the O3b communications constellation we completed for SES. Our track record of execution instilled confidence in OneWeb that we were the ideal partner that they could entrust with the success of their mission.

In addition to new business wins, our track record of execution drives repeat business and customer loyalty. Each program we win further deepens our domain expertise, solidifies us as a leader in the verticals in which we operate, and underscores the trust our partners place in our capabilities.

Entrepreneurial Go-to Market Strategy

We generate business opportunities by utilizing an entrepreneurial go-to market strategy. We empower our business development teams and encourage them to find creative ways to support the success of our customers. For instance, we provide R&D support during proposal phases to jointly develop a mission and assist customers to obtain mission financing. This entrepreneurial strategy and ability to demonstrate our value with our customers early in the life cycles of their missions differentiates us from competitors who may have a more traditional approach.

We build on our relationships with customers to find additional opportunities to deliver mission-enabling solutions. While working closely with customers in the development phases of missions, our engineers discuss future mission ideas, and proactively recommend potential solutions and enhancements to meet the customer’s evolving needs. This forward-thinking approach regularly results in awards for follow-on solutions on subsequent missions. These subsequent mission awards are a direct result of our strategy and allow us to identify new business opportunities ahead of the competition.

Deep Team with a Winning Culture

We have a highly experienced management team and workforce of over 2,400 staff as of the date of this AIF, which provides us with the critical expertise to execute complex space missions. Our position as an innovation leader at the forefront of the growing space economy allows us to recruit premium talent and retain our employees. Historically, our employees stay at MDA on average for over a decade, which deepens our institutional knowledge and domain expertise. Our entire team stands by our core values of integrity, responsibility, collaboration, fueling inspiration, and operational excellence, a culture that drives successful delivery on customer missions and continued growth.

Foreign Operations

MDA’s Robotics business operates primarily out of Canada, with a small operation in both the United States and the United Kingdom. MDA’s U.S. and U.K. operations offer a strong supplement to MDA’s business offerings and provide inroads into both U.S. and U.K. space and defence markets.

Social or Environmental Policies

As a newly public company, MDA is committed to making environmental, social and governance practices an integral part of its business model. With an understanding that implementation of these principles and related frameworks will lead to greater business viability, it is also an important aspect of MDA’s corporate social responsibility. There are several areas where MDA’s offerings and solutions provide a strong environmental and social backbone to the business, including EO services focused on environmental monitoring, climate change, and natural disaster, and communication satellites that provide communication services to remote areas globally, equalizing access to education and commerce independent of geographic location. MDA is committed to managing and operating in a safe, efficient, environmentally responsible manner in association with our suppliers, subcontractors, distributors and customers, and is committed to continually improving its environmental health, safety and social performance.

RISK FACTORS

The Company’s business is subject to a variety of risks and special considerations. As a result, prospective investors in the Company should carefully consider the risks described below and the other information included in this AIF and any information gathered as a result of the prospective investor’s own independent evaluation of the Company and its business. The following summary of “risk factors” does not purport to be exhaustive or to summarize all the risks that may be associated with purchasing or owning Common Shares of the Company. Additional risks and uncertainties not presently known to MDA, or that it believes to be immaterial, may impair the Company's business. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer.

Risks Related to Our Business and Our Industry

Uncertain economic and political conditions could materially adversely affect the Company's results of operations and financial condition.

Customer demand for the Company's products and services may be affected by economic and political conditions on an international and local level. For example, changes in interest rates, foreign exchange rates, the future rate of inflation, credit availability, the level of government spending, changes in the business market affecting the Company's customers, and political decisions may influence the Company's sales or the Company's ability to access certain funding. Current or potential customers may delay or decrease spending on our products and services as their business and/or budgets are impacted by economic conditions. The inability of current and potential customers to pay us for our products and services may adversely affect our earnings and cash flows. The factors leading to, and the severity and length of, a business downturn are difficult to predict and it is possible that the Company will not appropriately anticipate changes in the underlying end markets it serves. It is also difficult to predict whether any increased levels of business activity will continue as a trend into the future. Changing economic and political decisions and any failure by the Company to anticipate a business downturn may adversely affect the Company's results of operations and financial condition.

Catastrophic space events, natural disasters and other significant disruptions could materially adversely affect the Company's results of operations and financial condition, and impact the Company's ability to effectively perform its daily operations and provide and produce its products and services.

The Company's business may be materially adversely affected by the occurrence of various catastrophic natural phenomena or other significant events outside of its control. For example, the occurrence of a catastrophic space event, such as a meteor shower or a collision with space debris, or other significant disruption affecting the space stations or spacecraft that the Company services (including for example, the ISS or the Gateway), could have a material adverse effect on the Company's results of operations and financial condition. In addition, orbital debris could render certain orbits unusable impacting the Company's assets in those orbits or its ability to provide products or services in those orbits. The Company is also vulnerable to other natural disasters and significant disruptions, including tsunamis, floods, earthquakes, hurricanes, fires, water shortages, other extreme weather conditions, health epidemics, pandemics and similar outbreaks, power shortages, blackouts and telecommunications failures, and business interruptions resulting from geo-political actions, including acts or threats of war (including the conflict in Ukraine) or terrorism, international conflicts, political instability, and the actions taken by governments. Natural disasters or other disruptions could result in disruptions to the Company's business operations or the operations of suppliers, subcontractors, distributors or customers; destruction of facilities; economic instability; and loss of life, all of which could materially increase our costs and expenses, delay or decrease orders and revenue from our customers and have a material adverse effect on our business, financial condition, results of operations and cash flows. The availability of some of the Company's products and services depends on the continuing operation of its satellite operations infrastructure, information technology and communications systems. Any downtime, damage to or failure of the Company's systems could result in lengthy interruptions in its service, which could damage the Company's reputation and have a material adverse effect on its financial condition and results of operations.

While the Company has limited physical presence outside of North America, the recent conflict in Ukraine and the global response to this conflict has resulted in significant uncertainty. Should this conflict expand beyond Ukraine, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effect on the Company. In addition, the extent and impact of political instability resulting from, and sanctions imposed in connection with, the conflict in Ukraine, as well as the conflict itself, may cause financial market volatility, impact the global economy and the markets in which we operate and have the effect of heightening many of the other risks described in this "Risk Factors" section.

The Company's business is subject to the policies, priorities, mandates and funding levels of governmental entities and may be negatively or positively impacted by any changes thereto.

Changes in government policies, priorities or regulations, or funding levels through agency or program budget reductions, the imposition of budgetary constraints or the lack of government appropriations, the delay and/or deferment in governmental contract approvals or in government programs or disruptions in government operations (including shutdowns) could have a material adverse effect on the Company's financial condition, results of operations or future growth. The Company's business is dependent on governments continuing to create, support and fund the programs in which the Company and its customers participate. A decline or shift in governmental support and funding for such programs could result in contract terminations, delays in contract awards, the failure to exercise contract options, the cancellation of planned procurements and fewer new business opportunities, any of which could have a material adverse effect on the Company's financial condition and results of operation. The cancellation of, or a significant disruption to, any program that is material to the Company's business, including (without limitation) the ISS, the Gateway, Canadian Surface Combatant and Telesat Lightspeed, would have a significant negative impact on the Company's business, prospects and profitability.

The Company's contracts with governmental entities may be terminated or suspended by the government at any time.

Contracts with any government may be terminated or suspended by the government at any time, with or without cause. There can be no assurance that any contract with the government of any country will not be terminated or suspended in the future. Amounts payable to the Company under such contracts upon termination for convenience are not assured and may not be sufficient to fully compensate the Company for any early termination of a contract, which may impact the results of operations and financial condition of the Company. In addition, the Company may not be able to procure new contracts to offset the revenue or backlog lost as a result of any termination of government contracts. The loss of one or more large contracts could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

In addition, government contracts are frequently awarded only after formal competitive bidding processes, which have been, and may continue to be, protracted and typically impose provisions that permit cancellation in the event that necessary funds are unavailable to the government agency. The Company may compete directly with other suppliers or align with a prime or subcontractor competing for a contract. The Company may not be awarded the contract if the pricing or product offering is not competitive, either at the Company's level or the prime or subcontractor level. Competitive procurements impose substantial costs and managerial time and effort in order to prepare bids and proposals for contracts that may not be awarded to the Company. In many cases, unsuccessful bidders for government contracts are provided the opportunity to formally protest certain contract awards through various agencies, administrative and judicial channels. The protest process may substantially delay a successful bidder's contract performance, result in cancellation of the contract award entirely and distract management. The Company may not be awarded contracts for which it bids, and substantial delays or cancellation of purchases may follow the Company's successful bids as a result of such protests.

Certain government contracts also contain "organizational conflict of interest" clauses that could limit the Company's ability to compete for certain related follow-on contracts. There can be no guarantee that it will be able to avoid all organizational conflict of interest issues.

The Company's business is subject to government regulation and may be negatively impacted by the ability of the Company to comply with such regulations or to obtain any required regulatory approvals.

Some areas in which the Company operates are subject to significant government regulation. These regulations are subject to change. A failure by the Company to keep current and compliant with these changes could result in sanctions or financial penalties that may have a material adverse effect on its results of operations, or limit its ability to operate in a specific market. Furthermore, the Company is regularly audited and reviewed by government entities and agencies in its performance of contracts with such entities. These entities review the Company's performance under such contracts, the Company's cost structure and compliance with applicable laws, regulations and standards, as well as the adequacy of, and compliance with, the Company's internal control systems and policies. If an audit uncovers improper or illegal activities, the Company may be subject to civil and criminal penalties, sanctions or suspension or decreases or withholding of certain payments by the applicable government entity. In addition, the Company could suffer serious reputational harm if allegations of impropriety were made against it.

The operation of certain systems, such as satellites or other devices, which are, or will be, operated by the Company, require regulatory approvals to be obtained by the Company, such as those relating to licences and communication frequencies. In certain circumstances third parties may be required to obtain such approvals or licences. There can be no assurance that the approvals or licences will be obtained by either the Company or third parties on a timely basis or retained for continuous operations. A failure to obtain approvals or licences could materially adversely affect the Company's results of operations and financial condition.

The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's results of operations and financial condition.

The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's results of operations and financial condition, including revenue and EBITDA. RADARSAT-2 has surpassed its expected design life and its performance may begin to decline. RADARSAT-2 also employs advanced technologies and sensors that are exposed to severe environmental stresses in space that could affect its performance. Generally, satellites may cease to function (and those cessations may be permanent in nature) for various reasons, some of which are beyond the Company's control, including the quality of design and construction, the supply of fuel, the expected gradual environmental degradation of solar panels, the durability of various satellite components and the orbits and space environments in which the satellites are placed and operated. Satellites have certain redundant systems which can fail partially or in their entirety and accordingly satellites can operate for extended periods with single points of failure. Hardware component problems in space could lead to deterioration in performance or loss of functionality of a satellite. The failure of satellite components could cause damage to or loss of the use of a satellite before the end of its operational life. In addition, human operators may execute improper implementation commands that may negatively impact a satellite's performance.

Electrostatic storms or an unanticipated catastrophic event, such as a meteor shower or a collision with space debris, could reduce the performance of, damage or completely destroy RADARSAT-2 or any other satellite that may be owned and/or operated by the Company in the future. Additionally, in certain instances, governments may discontinue for periods of time the access to or operation of a satellite for any particular area on the Earth and for various reasons may not permit transmission of certain data, whether from a satellite owned by the government or not. The Company cannot offer assurances that RADARSAT-2 or any other satellite that it may own and/or operate in the future will remain in operation until the end of its expected operational life. Furthermore, the Company can offer no assurance that RADARSAT-2 or any other satellite will maintain its prescribed orbit.

In January of 2021, we announced that we would be building a next-generation EO commercial satellite, CHORUS, which will be a follow-on to RADARSAT-2, offering service continuity to our existing customers and expanded capabilities. However, if the Company suffers a partial or total loss of RADARSAT-2 prior to the deployment of CHORUS, it would significantly impact the Company's business, prospects and profitability. During any period of time in which RADARSAT-2 is not fully operational and has not been replaced, the Company may lose most or all revenue derived from RADARSAT-2. The Company's inability to repair or correct any other technical problem in a timely manner could result in a significant loss of revenue.

A significant portion of the Company's expected revenue over the next several years is, and is expected to continue to be, concentrated in a small number of contracts. The loss or reduction in scope of any such contract or the loss of one or more of our largest customers or programs would materially reduce revenue.

We are dependent on a small number of customers for a large portion of our revenues. In Fiscal 2021, our top 11 customers accounted for 70% of our total net revenues. A significant decrease in the sales to or loss of any of our major customers would have a material adverse effect on our business and results of operations.

Building on the Phase A contract that we received from the CSA in December 2020 to develop Canadarm3 for the Gateway mission, we received a Phase B contract from the CSA in March 2022 for the next phase of the Canadarm3 Program. The Canadarm3 will be designed and built over a five-year period and is expected to generate estimated total revenue to MDA of $1.4 billion, including 15 years of ongoing service and support revenue. We also have been selected to design and integrate the Electronic Warfare suite system for 15 Royal Canadian Navy warships. The ships are scheduled to be built over the next 20 years and are expected to serve the Royal Canadian Navy for decades. This program represents over $1.5 billion of potential revenue for MDA, or approximately $100 million per vessel. Furthermore, in February 2021, Telesat announced that MDA was selected for a major role on their upcoming constellation. MDA will develop the DRA, a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. Telesat is expected to build and launch these 300 satellites over the next five years, which represents an estimated $800 million of potential revenue to MDA. Telesat also has a registered license for an additional 1,300 LEO satellites, which could potentially represent a multi-billion dollar future opportunity to MDA.

The loss or termination of, or a breach or reduction of services under, any of these contracts could have a material adverse effect on the Company's business, financial condition and results of operations. In some cases, these contracts may be terminated by the counterparty at any time for convenience. In addition, our expectations for future renewals of, and other opportunities arising from, these contracts may prove to be incorrect. There can be no assurance that such renewals or opportunities will materialize. Various factors may affect the performance, duration and renewal of these contracts, including changes or shifts in government policies, priorities or funding levels or budgets in respect of these programs and the other risk factors described hereunder.

In addition, certain of our revenues are largely dependent upon the ability of customers to develop and sell products or services that incorporate our products or services. No assurance can be given that our customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, our results of operations.

Failure to successfully implement the Company's growth strategy could reduce, or reduce the growth of, the Company's revenue and net income.

The Company's growth strategy is focused on (a) executing on recently awarded flagship programs; (b) structuring and scaling the Company's business to ensure operational success in the execution of expected increased volumes; (c) developing digital solutions for the satellite communications industry and deepening the Company's constellation market share; (d) expanding market leadership in Geointelligence; (e) maximizing robotics and space mission participation; (f) expanding in growing international market; and (g) utilizing strategic M&A to complement organic growth. We have structured the Company's business for growth, with a strong financial foundation, and intend to continue improving hiring systems, IT systems, and personnel management systems to ensure an efficient integration that will provide operational leverage as expected increased volumes are realized.

The successful implementation of these growth strategies could depend on various factors, including:

- competition in current and future markets;
- general economic, business and regulatory conditions;
- government agencies and other third parties continuing to implement programs and missions on anticipated terms and timelines;
- ability to respond rapidly to technological change; and
- the quality of new products.

Failure to successfully implement the Company's growth strategy could reduce, or reduce the growth of, the Company's revenue and net income and adversely affect its business, financial condition and results of operations.

The Company often relies on a single supplier or a limited number of suppliers to provide certain key products or services and the inability of these key suppliers to meet its needs could have a material adverse effect on its business.

We rely on other companies to provide major components for our products and services. Historically, the Company has contracted with a single supplier or a limited number of suppliers to provide certain key products or services, such as construction of launch vehicles. In addition, the Company's manufacturing operations depend on specific technologies and companies for which there may be a limited number of suppliers. If these suppliers are unable to meet the Company's needs because they fail to perform adequately, are unable to match new technological requirements or problems, or are unable to dedicate engineering and other resources necessary to provide the services contracted for, the Company's business, financial position and results of operations may be adversely affected. In addition, changes in economic conditions, including changes in government budgets or credit availability, or other changes impacting a supplier (including changes in ownership or operations) could adversely affect the financial stability of our suppliers and/or their ability to perform. While alternative sources for most of these products, services and technologies may exist, the Company may not be able to develop these alternative sources quickly and cost-effectively, which could materially impair its ability to operate its business. In some cases, there may be only one supplier for certain components or the provision of certain services. For example, the Company engages a sole-source supplier to provide critical maintenance services in the event of an on-orbit failure of RADARSAT-2. The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's business. Accordingly, in the event of an on-orbit anomaly or failure of such satellite, the failure of such supplier to perform its obligations may have material consequences. If a sole-source supplier cannot meet the Company's needs or is otherwise unavailable, we may be unable to find a suitable alternative.

Deficiencies in the performance of our subcontractors and/or suppliers could result in liquidated damages or our customers terminating their contract with us for material breach. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contracts. Suppliers are in most cases also selected through a competitive bid or negotiated process. As applicable, major development subcontracts are established as firm fixed price contracts, generally with supporting performance bonds or other security, liquidated damages or other penalties for non-performance. However, some suppliers have limitations or exclusions from certain liabilities. The Company cannot protect itself against all potential failures or breaches by subcontractors, particularly those related to financial insolvency of the subcontractors or to cost overruns by subcontractors. In addition, a significant price increase in those subcontracts which are not firm fixed price, delays in performance, a subcontractor's failure to perform or the inability to obtain replacement subcontractors at a reasonable price, when and if needed, could have a material adverse effect on the Company's business, results of operations and financial condition.

Disruptions in the supply of key raw materials or components and difficulties in the supplier qualification process, as well as increases in prices of raw materials, could adversely impact the Company.

Many raw materials, major components and product equipment items used by the Company are also procured or subcontracted on a single or sole-source basis. It is difficult to predict what effects shortages or price increases in raw materials, components and product equipment items may have in the future due to inflation or other factors. The Company's ability to manage inventory and meet delivery requirements may be constrained by its suppliers' inability to scale production and adjust delivery of long-lead time products during times of volatile demand, or if sole-source suppliers are unable to meet the Company's supply needs. The Company's inability to fill its supply needs would jeopardize its ability to fulfill obligations under commercial and government contracts, which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to customer relationships and could have a material adverse effect on the Company's operating results, financial condition, or cash flows.

Key raw materials used in the Company's operations include metals such as aluminum and titanium, which are usually procured by suppliers who manufacture parts in accordance with the Company's drawings. The Company also purchases materials such as chemicals; composites; electronic, electro-mechanical and mechanical components; subassemblies; and subsystems that are integrated with the manufactured parts for final assembly into finished products and systems. The Company is impacted by increases in the prices of raw materials used in production on fixed-price business.

The Company monitors sources of supply to attempt to assure that adequate raw materials and other supplies needed in manufacturing processes are available. Difficulty completing qualification of new sources of supply, implementing use of replacement materials, components or new sources of supply, or a continuing increase in the prices of raw materials, energy or components could have a material adverse effect on the Company's operating results, financial condition, or cash flows.

The Company operates in highly competitive industries and in various jurisdictions across the world which may cause the Company to have to reduce its prices.

The Company operates in highly competitive industries and some of the Company's current or future competitors may have superior technologies or greater financial and other resources than the Company has. In addition, some of MDA's foreign competitors currently benefit from, and others may benefit in the future from, enhanced protective measures by their home countries where governments are providing increased financial support, including significant investments in the development of new technologies. Government support of this nature greatly reduces the commercial risks associated with satellite development activities for these competitors. This market environment may result in increased pressures on MDA's pricing and other competitive factors. The Canadian competitive landscape may change and it is possible that a new space prime contractor in Canada will emerge over time. Furthermore, government agencies may at any time decide to perform similar work as the Company either for themselves or for other government agencies, effectively competing with the Company.

The Company's competitors or potential competitors could, in the future, offer products and services with more attractive features, capabilities and technologies, or at lower prices, than the Company's products and services. For example, the emergence of new remote imaging technologies or the continued growth of low-cost imaging satellites, could negatively affect the Company's marketing efforts. Due to competitive pricing pressures, such as new product introductions by the Company or its competitors or other factors, the selling price of the Company's products and services may further decrease. If the Company is unable to offset decreases in its average selling prices by increasing its sales volumes or by adjusting its product mix, its revenue and operating margins may decline and its financial position may be harmed.

The Company may not be successful in developing new technology and the technology the Company is successful in developing may not meet the needs of its customers or potential new customers.

The markets in which MDA operates are characterized by changing technology and evolving industry standards. We have derived, and we expect to continue to derive, a substantial portion of our revenues from providing innovative engineering services and technical solutions that are based upon today's leading technologies and that are capable of adapting to future technologies. For example, the Canadarm3, Telesat Lightspeed, CHORUS and CSC programs all involve the development of leading edge, next generation technologies in their respective areas. The Company needs to invest in technology to meet its customers' changing needs. Technological development and research is expensive and requires long lead time. The Company may not be successful in identifying, developing and marketing products or systems that respond in time to rapid technological change, evolving technical standards and systems developed by others, and changing customer preferences. MDA's competitors may develop technology that better meets the needs of MDA's customers. If MDA does not continue to develop, manufacture and market innovative technologies or applications that meet customers' requirements in a timely and cost-effective way, sales may suffer and the Company's business may not continue to grow in line with historical rates or at all. If MDA is unable to achieve sustained growth, it may be unable to execute its business strategy, expand its business or fund other liquidity needs and its business prospects, financial condition and results of operations could be materially and adversely affected.

The Company may experience design, manufacturing, marketing and other difficulties that could delay or prevent the development, introduction or acceptance of new products, systems and enhancements. There can be no assurance that the Company will be able to anticipate and achieve the technological advances necessary to remain competitive and profitable, that new products or systems will be developed and manufactured on schedule or on a cost-effective basis or that the Company's existing products or systems will not become technologically obsolete. The Company's failure to accurately predict the needs of current and prospective customers, and to develop products, systems or enhancements that address those needs and gain market acceptance, may result in the loss of current customers or the inability to secure new customers.

The Company's revenue, results of operations and reputation may be negatively impacted if the Company's products contain defects or fail to operate in the expected manner.

The Company sells complex and technologically advanced space systems, products, hardware and software that can contain defects in design, manufacture and software implementation. Sophisticated software such as those developed by the Company may contain defects that can unexpectedly interfere with the software's intended operation. Defects may also occur in components and products that the Company purchases from third parties. In addition, many of the products developed by the Company must function under demanding and unpredictable operating conditions and in harsh and potentially destructive environments. The Company employs sophisticated design and testing processes and practices which include a range of stringent factory and on-site acceptance tests with criteria and requirements jointly developed with the customers. However, there can be no assurance that the Company's products will be successfully implemented, will pass required acceptance criteria, or will operate or will provide the desired outputs or other results. The Company may also agree to the in-orbit delivery of services, adding further risks to its ability to perform under the contract due to defects or complications that may occur in the delivery process. Failure to achieve successful in-orbit delivery of such products could result in significant penalties and other obligations to the Company. Despite testing, our products have contained defects and errors and may in the future contain defects or errors, or experience performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our customers for a period of time. These problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, and diversion of our personnel's attention from our product development efforts. There can be no assurance that the Company will be able to detect and fix all defects in the products, hardware and software it sells or resolve any delays or availability issues in the launch services it procures. Failure to do so could result in lost revenue, harm to reputation, and significant warranty and other expenses, and could have a material adverse impact on the Company's financial condition and operating results. In addition, a failure with respect to any satellite may adversely affect the perception by the Company's customers of the quality of its products and may materially and adversely affect the Company's ability to win new awards of contracts.

The Company may have potential contractual liability for errors or defects in its products or systems.

There is a risk that the Company's satellite systems or products may contain errors or defects or fail to perform as intended. While the Company strives to contractually limit its liability for damages arising from its provision of satellites systems or products, such limitations of liability, may not have been included in all of the Company's past contractual arrangements or sales nor may any such limitations of liability be at levels that if incurred, would not have an adverse effect on the Company's operating results and financial condition. Additionally, where such limitations have been included, there can be no assurance that they will be enforceable in all circumstances or in all jurisdictions or that they otherwise will protect the Company from liability for any claims or damages except as any insurance coverage applies. Furthermore, the existence of defects, errors or failures in our products could lead to litigation against us, which, regardless of contractual terms, could result in substantial cost to the Company, divert management's attention and resources from the Company's operations and result in negative publicity that may impair the Company's ongoing marketing efforts. The Company's product liability insurance (covering risk of property damage and personal injury) and errors and omissions insurance and warranty limitations in its contracts may not cover any or all of any claims.

The Company is dependent on its ability to attract, train and retain employees. The Company's inability to do so, or the loss of key personnel, would cause serious harm to the Company's business.

The Company's growth and success is largely dependent on the abilities and experience of its executive officers and other highly qualified personnel. We continue to improve our talent acquisition team and associated systems, and to bring processes and systems together to identify, recruit, onboard, and integrate new talent on a continual basis. We rely on our senior management to generate business and execute programs successfully, and in order to maintain the Company's ability to compete, it must continuously retain the services of a core group of specialists in a wide variety of disciplines. In addition, some projects require a significant number of highly skilled personnel. For example, the Company currently estimates that approximately 400 engineers will need to be hired across the Company's business in connection with the development of Canadarm3. Competition for highly skilled management, technical, research and development and other personnel is intense in MDA's industry. As people across all industries re-assess their lives and careers as a result of the ongoing COVID-19 pandemic, companies have experienced increased attrition, which has resulted in an increased competition for talent. In addition, there has been an increase in wage inflation. MDA may not be able to retain its current executive officers or key personnel or attract and retain additional executive officers or key personnel as needed to deliver on its corporate strategy and MDA may experience difficulties in its project execution, which could have a material adverse impact upon the Company's growth, operations and profitability. The Company will also need to increase its hiring if it is not able to maintain its attrition rate through current recruiting and retention policies. To the extent that the demand for qualified personnel exceeds supply, MDA could experience higher labour, recruiting or training costs in order to attract and retain such employees, or could experience difficulties in performing under contracts if the Company's need for such employees is unmet. If we are not successful in hiring and retaining qualified engineers and other personnel, future product development efforts could be adversely affected and we may be unable to implement our growth strategy.

Some of the Company and its suppliers' workforces are represented by labour unions, which may lead to work stoppages.

Approximately 50% of our total workforce was represented by labour unions as of the date of this AIF. The Company may experience work stoppages organized by labour unions, which could adversely affect its business. While historically, the Company has maintained good relationships with labour unions, the Company cannot predict how stable its relationships with labour unions will be or whether it will be able to meet the labour unions' requirements without impacting its financial condition. On renewal, collective bargaining agreements could call for higher wages or benefits paid to union members, which would increase our operating costs. The labour unions may also limit the Company's flexibility in dealing with its workforce. Labour union actions at suppliers can also affect the Company. Work stoppages and instability in the Company's relationships with labour unions could delay the production and/or development of its products, which could strain relationships with customers and cause a loss of revenues which would adversely affect operations.

The Company's technology may violate the proprietary rights of third parties.

The Company may become subject to claims from third parties that software and other forms of intellectual property that the Company uses in delivering services and solutions to its customers infringe upon intellectual property rights of such third parties. Certain software modules and other intellectual property used by the Company or in the Company's satellites systems and products make use of or incorporate licensed software components and other licensed technology. These components are developed by third parties over whom the Company has no control. The Company has no assurances that those components do not infringe upon the intellectual property rights of others or that in the combination used by the Company does not infringe on the rights of others. The Company could be exposed to infringement claims and liability in connection with the use of those software or technology components. The Company may be forced to replace those components with internally developed, purchased or other licensed software or technology, pay royalties or be liable to indemnify its customers on the use of the software components, or suffer loss of business due to outstanding intellectual property infringement legal claims.

It is also possible that the Company may infringe current or future third-party patents or third-party trade secrets. In the event of infringement, the Company could be required to pay royalties or damages and/or obtain a license from the patent holder, refund money to customers for components that are not useable or redesign its products to avoid infringement, all of which would increase the Company's costs. The Company could also be subject to injunctions prohibiting it from using components or methods. The Company may also be required under the terms of its customer contracts to indemnify its customers for damages relating to infringement. Any claim of infringement could cause the Company to incur substantial costs defending against the claim even if the claim is invalid, and could distract management from other business.

The Company's intellectual property may be misappropriated or infringed upon by third parties.

To protect its proprietary rights, the Company relies on a combination of patent protections, copyrights, trade secrets, trademark laws, confidentiality agreements with employees, independent contractors and third parties, and protective contractual provisions such as those contained in license agreements with consultants, subcontractors, vendors and customers. There can be no assurance that the steps taken to protect the Company's technology will prevent misappropriation or infringement. An infringement or misappropriation could harm any competitive advantage the Company currently derives or may derive from its proprietary rights. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise the Company's ability to enforce its trade secret and intellectual property rights. The Company's patents include those relating to communications, robotics, power control systems, antennae, filters and oscillators, phased arrays and thermal control as well as assembly and inspection technology. The patents held by the Company expire at various times. There is a risk that competitors could challenge or infringe the Company's patents.

Litigation may be necessary to enforce or protect the Company's intellectual property rights, its trade secrets or determine the validity and scope of the proprietary rights of others. Such litigation may be time-consuming and expensive to prosecute or defend and could result in the diversion of time and resources. In addition, competitors may design around the Company's technology or develop competing technologies, or others may independently discover the Company's trade secrets and proprietary information, and in such cases the Company could not assert any trade secret rights against such parties. The loss of trade secret protection could make it easier for third parties to compete with the Company's services by copying functionality. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

Any significant disruption in or unauthorized access to the Company's IT networks and related systems or those of third parties that the Company utilizes in its operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, or theft of intellectual property, any of which could materially adversely impact the Company's business.

The Company faces the risk of a security breach or other significant disruption of its IT networks and related systems, whether through cyber-attack or cyber intrusion via the Internet, malware, computer viruses, deliberate malfeasance of persons with access to our systems and email attachments to persons with access to the Company's systems, originating from a number of sources including hostile foreign governments. The Company also faces the added risk of a security breach or other serious disruption of the systems that it develops and installs for customers or that it develops and provides in any of its products, and those of the third parties that it utilizes in its operations. As a provider of complex systems, the Company faces a heightened risk of security breach or disruption from threats to gain unauthorized access to the Company's and its customers' proprietary or classified information stored on the Company's networks and related systems and to certain of the equipment used in a customers' network or related systems.

These types of information and IT networks and related systems are critical to the operation of the Company's business and essential to its ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of the Company's customers. There can be no assurance that the Company's security efforts and measures will be effective or that attempted security breaches or disruptions will not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber-attacks and intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, the Company may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for the Company to entirely mitigate this risk. A security breach or other significant disruption involving these types of information and IT networks and related systems could: disrupt the proper functioning of these networks and systems and therefore the Company's operations and/or those of certain of its customers; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of the Company or its customers or suppliers, including trade secrets, which others could use to compete against the Company or for disruptive, destructive or otherwise harmful purposes and outcomes; compromise other sensitive government functions; damage the Company's reputation with its customers (particularly agencies of various governments) and the public generally; require remediation and incident response costs; and lead to regulatory inquiries, litigation and potential liability. In addition, the cost of continually defending against cyber-attacks and breaches has increased in recent years and future costs and any or all of the foregoing could have a material adverse effect on the Company's business and results of operations.

The Company also relies on its subcontractors and suppliers to effectively mitigate the risk of cyber and security threats the information entrusted to them by the Company or its customers. If the Company's suppliers or subcontractors are the subject of cyber or other security threats or disruptions, it could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company has in the past experienced a data breach caused by a vulnerability in a third-party application, which resulted in the potential disclosure of certain intellectual property. The Company has since migrated to a new application with enhanced protections and safeguards.

The Company is dependent on data and systems, and cannot prevent all possible errors or threats.

The Company maintains, at various locations, databases of information and systems infrastructure. Such systems are required to be available without interruption on a continuous basis to meet contractual service level obligations, and to ensure the Company's communications, data, and operational needs are met. System security network threats are frequent and mechanical or software errors may cause system corruption or failure. In addition, the databases are subject to similar security threats and data corruption or loss may occur as a result of such security threats or malfunction of software or hardware. Errors in data could lead to significant liability to the Company if the Company's customers relied on such incorrect data. Although the Company provides for redundancy, disaster recovery, tested systems and network security, such systems and procedures may not operate as expected and cannot prevent all possible errors or threats.

Certain of the products offered by the Company are dependent on data supplied by third parties.

Certain of the products offered by the Company rely on data supplied by third parties. Contracts for data supply normally have provisions which permit either party to terminate the agreement in the event of a breach by the other party. There may, however, be costs to the Company associated with its breach of such contracts and the acquisition of software and/or data to be provided in its products. In the event that any of such contracts are terminated, or a data provider is not otherwise able to provide data, the Company may experience delays in obtaining data from alternative sources which may affect the Company's operations or financial condition. The Company also sources data from various third parties without formal contracts applying to such transactions. There can be no assurance that the Company will be able to continually acquire data from all government or other sources at a cost that permits the Company to realize a profit. If the Company is unable to protect sensitive information, its customers and governmental authorities could question the adequacy of the Company's threat and error mitigation and detection systems and procedures. The costs related to system security network threats and disruptions may not be fully insured or indemnified by other means. Any occurrence of these events could have a material adverse impact on the Company's operations, reputation, competitive advantages and financial condition.

The Company's business is subject to various regulatory risks that could adversely affect its operations.

The environment in which the Company operates is highly regulated due to the sensitive nature of its complex and technologically advanced systems, products, hardware and software, in addition to those regulations broadly applicable to publicly listed corporations. There are numerous regulatory risks that could adversely affect operations, including but not limited to:

- Export Restrictions. Certain of the systems, products, services or technologies the Company has developed require the implementation or acquisition of products or technologies from third parties, including those in other jurisdictions. In addition, certain of the Company's systems, products, services or technologies may be required to be forwarded or exported to other jurisdictions. In certain cases, if the use of the technologies can be viewed by the jurisdiction in which that supplier or subcontractor resides as being subject to export constraints or restrictions relating to national security, the Company may not be able to obtain the technologies and products that it requires from subcontractors who would otherwise be the preferred choice or may not be able to obtain the export permits necessary to transfer or export technology. To the extent that the Company is able, it obtains pre-authorization for re-export prior to signing contracts which oblige it to export subject technologies, including specific foreign government approval as needed. In the event of export restrictions, the Company may have the ability through contract force majeure provisions to be excused from its obligations. Notwithstanding these provisions, the inability to obtain export approvals, export restrictions or changes during contract execution or non-compliance by customers could have an adverse effect on the Company's revenues and margins.

- Government Approval Requirements. For certain aspects of its business operations, the Company is required to obtain government licenses and approvals and to enter into agreements with various government bodies in order to export satellites and related equipment, to disclose technical data or provide defense services to foreign persons. The delayed receipt of or the failure to obtain the necessary government licenses, approvals and agreements may prohibit entry into or interrupt the completion of contracts which could lead to a customer's termination of a contract for default, monetary penalties and/or the loss of incentive payments.

- Anti-Corruption Laws. As part of the regulatory and legal environments in which the Company operates, it is subject to global anti-corruption laws that prohibit improper payments directly or indirectly to government officials, authorities or persons defined in those anti-corruption laws in order to obtain or retain business or other improper advantages in the conduct of business. The Company's policies mandate compliance with anti-corruption laws. The Company may from time to time engage agents and other third parties in various jurisdictions in connection with its contracts and operations in those jurisdictions. While the Company has measures in place to select and oversee such agents and third parties, the Company cannot control or monitor all activities of such agents and third parties. Failure by the Company's employees, agents, subcontractors, suppliers and/or partners to comply with anti-corruption laws could impact the Company in various ways that include, but are not limited to, criminal, civil and administrative fines and/or legal sanctions and the inability to bid for or enter into contracts with certain entities, all of which could have a significant adverse effect on the Company's reputation, operations and financial results.

The Company relies on its subcontractors and suppliers to comply with applicable laws and regulations. In some circumstances, the Company relies on certifications provided by subcontractors and suppliers regarding their compliance. If the Company's subcontractors or suppliers do not comply with all applicable laws and regulations or if the certifications received from them are inaccurate, it could have a material adverse effect on our financial position, results of operations and/or cash flows.

It is possible that the laws and regulations governing our business and operations will change in the future. There may be a material adverse effect on our financial condition and results of operations if we are required to alter our business to comply with changes in both domestic or foreign regulations, telecommunications standards, tariffs or taxes and other trade barriers that reduce or restrict our ability to sell our products and services. Any failure to comply with such regulatory requirements could also subject us to various penalties or sanctions.

The Company's operations are subject to governmental laws and regulations relating to environmental matters, which may expose it to significant costs and liabilities that could negatively impact its financial condition.

The Company is subject to various federal, provincial, state and local environmental laws and regulations relating to the operation of its businesses, including those governing pollution, the handling, storage, disposal and transportation of hazardous substances, and the ownership and operation of real property. Such laws and regulations may result in significant liabilities and costs and the loss of permits required to conduct certain operations. There can be no assurance that a failure to comply with such laws and regulations would not have a material adverse effect on the Company's business in the future. In addition, new laws and regulations, more stringent enforcement of existing laws and regulations or the discovery of previously unknown contamination could result in additional costs.

The Company's international business exposes it to risks relating to increased regulation, and political or economic instability in foreign markets, which could adversely affect the Company's revenue.

In the year ended December 31, 2021, approximately 51% of the Company's revenue was derived from non-Canadian sales, and the Company intends to continue to pursue international contracts. International operations are subject to certain risks, such as: changes in domestic and foreign governmental regulations and licensing requirements; deterioration of relations between Canada and a particular foreign country; increases in tariffs and taxes and other trade barriers; foreign currency fluctuations; changes in political and economic stability in the countries in which the Company conducts business; effects of austerity programs or similar significant budget reduction programs; potential preferences by prospective customers to purchase from local (non-Canadian) sources; the costs of complying with a variety of Canadian, U.S. and international laws and regulations; the complexity and necessity of using foreign representatives and consultants; the inability to obtain required Canadian, U.S. or foreign country export licenses; and difficulties in obtaining or enforcing judgments in foreign jurisdictions.

In addition, MDA's international contracts may include industrial cooperation agreements requiring specific in-country purchases, investments, manufacturing agreements or other financial obligations, known as offset obligations, and provide for penalties if the Company fails to meet such requirements. The impact of these factors is difficult to predict, but one or more of them could adversely affect the Company's financial position, results of operations, or cash flows.

The Company's employees or others acting on the Company's behalf may engage in misconduct or other improper activities, which could cause the Company to lose contracts or incur costs.

The Company is exposed to the risk that fraud or other misconduct by employees or others acting on the Company's behalf could occur. Misconduct by employees or others could include intentional failures to comply with government procurement regulations, engaging in unauthorized activities, insider threats to the Company’s cybersecurity, or falsifying time records. Misconduct by employees or others acting on the Company’s behalf could also involve the improper use of customers’ sensitive or classified information, which could result in regulatory sanctions against the Company, serious harm to its reputation, a loss of contracts and a reduction in revenues, or cause the Company to incur costs to respond to any related governmental inquiries. It is not always possible to deter misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could cause the Company to lose contracts or cause a reduction in revenues. In addition, alleged or actual misconduct by employees or others acting on the Company’s behalf could result in investigations or prosecutions of persons engaged in the subject activities, which could result in unanticipated consequences or expenses and management distraction for the Company regardless of whether it is alleged to have any responsibility.

The Company may experience such misconduct despite its various compliance programs. Misconduct or improper actions by employees, agents, subcontractors, suppliers, business partners and/or joint ventures could subject the Company to administrative, civil or criminal investigations and enforcement actions; monetary and non-monetary penalties; liabilities; and the loss of privileges and other sanctions, including suspension and debarment, which could negatively impact the Company’s reputation and ability to conduct business and could have a material adverse effect on the Company’s financial position, results of operations and/or cash flows.

The Company may not be successfully able to consummate or integrate acquisitions, which may harm the Company’s ability to develop and grow its business and operations, and the Company may be subject to ongoing liabilities in connection with divestitures.

The Company has in the past and may continue to expand its operations and business by acquiring additional businesses, products or technologies. There can be no assurance that the Company will be able to identify, acquire, obtain the required regulatory approvals, or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational, regulatory, or financial problems. Furthermore, acquisitions may involve a number of additional risks, including diversion of management’s attention, failure to retain key personnel, unanticipated events or circumstances and unidentified pre-closing liabilities and other legal liabilities, some or all of which could have an adverse effect on the Company’s business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income growth. Acquisitions could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its acquisitions strategy successfully could have a material adverse effect on the Company’s business, results of operations and financial condition.

When divesting of certain businesses of the Company, the Company may not be able to obtain releases from counterparties under contracts for such divested businesses and may be required to provide indemnities to third parties or the purchaser with respect to such divested businesses. The Company will have little control over any divested business and may be called on to perform under contracts or indemnities without control. There can be no certainty that the Company will be indemnified by the purchaser for these continuing obligations. These obligations could result in the Company being liable for payment of damages, costs and penalties related to non-performance of a contract. The sale agreement for a divested business contains indemnification provisions pursuant to which the Company may be required to indemnify the purchaser of the divested business for liabilities, losses, or expenses arising out of breaches of covenants and certain breaches of representations and warranties (including breaches of representations and warranties stated to be based on the knowledge of specified persons) relating to the condition of the divested business prior to and at the time of sale. There is a possibility that other facts may become known in the future which may subject the Company to claims for additional liabilities or expenses beyond those presently anticipated and provided for. In addition, a purchaser may make allegations relating to disclosures made to it as part of any sale process, in addition to any contractual obligations that the Company may have to the purchaser. The Company may also not be able to invest or utilize the net proceeds realized by the Company in the divestiture of a business, in a manner to achieve the same return to the Company that had been historically realized by the divested business. Any action taken by others against the Company on any continuing obligations related to a divested business, any claim of a material amount under any indemnity, and the inability to utilize the net proceeds of a divestiture in a manner that maximizes the Company’s return could have a material adverse effect on the Company’s business and results of operations.

We have significant goodwill and identifiable intangible assets recorded on our balance sheet which may be subject to impairment losses that would reduce our reported assets and earnings.

Identifiable intangible assets and goodwill, arising from acquired businesses, comprise a substantial portion of our total assets. At December 31, 2021, our total assets were approximately $1,534.6 million, of which approximately $419.9 million, or 27% was goodwill and approximately $571.2 million, or 37%, was identifiable intangible assets. Economic, legal, regulatory, competitive, contractual and other factors may affect the value of goodwill and identifiable intangible assets. If any of these factors impair the value of these assets, accounting standards require us to reduce their carrying value and recognize an impairment charge, which would reduce our reported assets and earnings in the year the impairment charge is recognized. Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that its carrying amount may be less than its recoverable amount. Our intangibles are all finite lived intangible assets, and as a result, are required to be tested for impairment whenever indicators of impairment arise. Any impairment charges in the future may have a material adverse impact on our financial results.

The Company may not receive the full amounts estimated under the contracts in its backlog, which could reduce revenue in future periods below the levels anticipated. This makes backlog an uncertain indicator of future operating results.

Backlog is typically subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenues. The Company may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. The timing of receipt of revenues, if any, on projects included in backlog could change because many factors affect the scheduling of projects. Cancellation of or adjustments to contracts may occur. The failure to realize all amounts in the Company's backlog could adversely affect revenues and gross margins. As a result, the Company's funded, unfunded and total backlog as of any particular date may not be an accurate indicator of the Company's future earnings.

A large portion of the Company's contracts are firm fixed price contracts.

A large portion of the Company's contracts are firm fixed price contracts. These firm fixed price contracts at times involve the completion of satellite system development and manufacturing, large-scale system engineering, software, hardware and product development projects. There is a risk in every firm fixed price contract that the Company will be unable to deliver under the contract within the time specified and at a cost to the Company which is less than the contract price. The technical nature and complexity of the satellite systems and products deliverable under these contracts may require amendments to be negotiated from time to time, subject to agreed contract change processes. In the absence of any agreement to such amendments which increase the price payable or extend delivery times when deliveries are late, cost overruns may occur and customers may be in a position to terminate the contract, or to demand repayments or penalties. A termination of a contract for default or a significant cost overrun that is caused by actions or inactions by the Company could adversely affect the Company's results of operations and financial condition.

In addition, many of the Company's contracts may be terminated for convenience by the customer. In the event of such termination, the Company may, in some cases, be entitled to recover the purchase price for delivered items, reimbursement for allowable costs for work in process and/or an allowance for profit or an adjustment for loss, depending on whether completion of the project would have resulted in a profit or loss.

The Company's cash flow and profitability could be reduced if expenditures are incurred prior to the final receipt of a contract.

The Company provides various professional services, specialized products, and sometimes procures equipment and materials on behalf of customers under various contractual arrangements. From time to time, in order to ensure that the Company satisfies customers' delivery requirements and schedules, the Company may elect to initiate procurement in advance of receiving final authorization from the government customer or a prime contractor. In addition, from time to time, the Company may build production units in advance of receiving an anticipated contract award. If a government or prime contractor customer's requirements should change or if the government or the prime contractor should direct the anticipated procurement to another contractor, or if the anticipated contract award does not materialize, or if the equipment or materials become obsolete or require modification before the Company is under contract for the procurement, the investment in the equipment or materials might be at risk if the Company cannot efficiently resell them. This could reduce anticipated earnings or result in a loss, negatively affecting the Company's cash flow and profitability.

The Company's ability to obtain additional debt or equity financing or government grants to finance operating working capital requirements and growth initiatives may be limited or difficult to obtain, which could adversely affect the Company's operations and financial condition.

The Company requires capital to finance operating working capital requirements and future growth and to pay its outstanding debt obligations as they come due for payment. If the cash generated from the Company's business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, the Company will require additional debt or equity financing. The Company's ability to access capital markets on terms that are acceptable will be dependent on prevailing market conditions, as well as the Company's future financial condition. Further, the Company's ability to increase its debt financing and/or renew existing facilities may be limited by its financial covenants, its credit objectives, or debt capital market conditions. There can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs will not be adversely affected. In addition, the Company's current financing arrangements contain certain restrictive covenants that may impact the Company's future operating and financial flexibility.

The Company's current financing arrangements contain certain restrictive covenants that impact its future operating and financial flexibility. The Company's debt funding is provided under the Credit Agreement and Note Indenture (each as defined herein), which contain a series of positive and negative covenants with which the Company must comply, including the achievement or maintenance of stated financial ratios. If the Company fails to comply with any covenants and is unable to obtain a waiver thereof, the lenders may be able to take certain actions with respect to the amounts owing under such agreements, including early payment thereof. Any such actions could have a material adverse effect on the Company's financial condition. These covenants could also have the effect of limiting MDA's flexibility in planning for or reacting to changes in its business and the markets in which it operates.

In addition, the Company enters into various financial derivative contracts with banks as counterparties. Failure of a counterparty to meet its obligations under a derivative contract could result in a material adverse effect to the Company's results of operations and financial condition. The Company limits its counterparty exposure to that of large banks and monitors their financial standing.

The Company also depends on certain financing arrangements to be completed by some of its key customers. The inability by the Company's customers to arrange satisfactory financing on a timely basis could have an impact on the Company's business, results of operations and financial condition.

Furthermore, the Company has in the past, and may continue in the future to, receive government grants for research and development activities and other business initiatives. Any agreement or grant of this nature with government may be accompanied by contractual obligations applicable to MDA, which may result in the grant money becoming repayable if certain requirements are not met. A failure to meet contractual obligations under such agreements and grants and a consequent requirement to repay money received could negatively impact the Company's results of operations and financial condition.

Our indebtedness and other contractual obligations could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts and could divert our cash flow from operations for debt payments.

Our level of indebtedness may increase the possibility that we may be unable to generate cash sufficient to pay the principal of, interest on, or other amounts due with respect to our indebtedness. Our long-term debt under our first lien credit facilities bears interest at floating rates, plus a margin. As a result, our interest payment obligations on such indebtedness will increase if such interest rates increase. Our leverage and debt service obligations could adversely impact our business, including by:

- impairing our ability to meet one or more of the financial ratios contained in our credit facilities or to generate cash sufficient to pay interest or principal, including periodic principal payments;

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional debt or equity financing on favorable terms, if at all;
- requiring the dedication of a portion of our cash flow from operations to service our debt, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures or to pursue future business opportunities;
- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete.

Any of the forgoing factors could have negative consequences on our financial condition and results of operation.

The Company's debt servicing costs could increase.

Borrowing rates are near historical lows in Canada. If the Canadian economy strengthens, the Company would expect interest rates to rise. An increase in interest rates would result in higher interest expense on borrowing tied to variable rates of interest, partially offset by lower current or deferred income tax expense. Furthermore, adverse credit market conditions could limit the Company's ability to refinance its credit facilities.

Epidemics, pandemics or other crises or public health concerns could impact or disrupt our business.

The COVID-19 pandemic has continued to cause disruption, volatility and uncertainty in economies and markets around the world, even as vaccines become more readily available, in which there is uncertainty as to the timing, level of adoption, and the duration of efficacy and effectiveness of the vaccine against variants or mutations.

The ongoing pandemic, and the actions that have been or may be taken by governments in response thereto, has resulted, and may continue to result in, among other things, increased volatility in global capital markets; continued impacts on workforces throughout the regions where COVID-19 is present; impacts on government funding levels; sustained disruptions to global supply chains; and other unpredictable impacts.

MDA responded to the pandemic by adopting a company-wide work-from-home policy for all employees who are able to complete their work outside of the office. MDA has a hybrid environment where all staff work minimum 3 days per week from the office and up to 2 days per week from home, in compliance with all local and provincial government regulations**.**

In Fiscal 2021, we recognized approximately $24.8 million from the Canadian government in connection with the Canadian Emergency Wage Subsidy program, of which $24.1 million was collected within the year and $0.7 million remained receivable as at December 31, 2021. Receiving this subsidy allowed us to retain key employees throughout Fiscal 2021 and avoid significant headcount reductions which would have been detrimental to the near- and long-term success of our business.

There remains uncertainty relating to the potential impact that the COVID-19 pandemic could ultimately have on our business. The COVID-19 pandemic has had a limited effect on our reported financial results to date, but could in the future significantly impact our operations, create supply chain challenges and disruptions, and/or limit our ability to timely sell or distribute our products in the future, which would negatively impact our business, financial condition and operating results. MDA cannot estimate the duration and severity of the COVID-19 outbreak and its financial impact. As such, the extent to which COVID-19 may have a sustained impact on our results is uncertain and it is possible that our future results may be negatively impacted.

The magnitude of the effects of the COVID-19 pandemic, including the extent of its impact on the Company's financial performance, will be determined by the length of time that the pandemic ultimately continues, its effect on the demand for the Company's products and services, the negative impact or prolonged disruption on the supply chain and our sourcing of materials, and the effect of any further governmental regulations imposed in response thereto. The Company continues to work with its stakeholders (including customers, employees and suppliers) to responsibly address this global pandemic. The Company continues to monitor the situation, to assess further possible implications to its business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences.

The Company cannot at this time predict the long-term impact of the COVID-19 pandemic, but it could have a sustained material adverse effect on our business, financial position, results of operations and/or cash flows.

If tax laws change or the Company experiences adverse outcomes resulting from examination by the tax authorities of its income tax returns, the Company's results of operations could be adversely affected.

The Company is subject to federal, provincial and local income taxes in Canada and in foreign jurisdictions. The Company's future effective tax rates and the value of its deferred tax assets could be adversely affected by changes in tax laws. In addition, the Company is subject to the examination of its income tax returns by Canada Revenue Agency and other tax authorities, and it may be subject to assessments for additional taxes. In computing our tax obligations, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of its provision for income tax. Significant judgment is required in determining the Company's worldwide provision for income taxes. Changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect the Company's business, financial condition and results of operations.

The Company routinely makes accounting estimates and judgments. If these are proven to be incorrect, subsequent adjustments could require the Company to restate its historical financial statements.

Contract accounting requires the Company to exercise judgment when assessing risks, estimating contract revenues and costs, and making assumptions for scheduling and technical issues. Due to the nature of many of the Company's contracts, the estimation of total revenues and costs at completion is complicated and subject to many variables. Incentives and penalties related to performance on contracts are considered in estimating revenue and profit rates, and are recorded when there is sufficient information for the Company to reasonably assess anticipated performance. Suppliers' expected performance is also assessed and considered in estimating costs and profit rates.

Because of the significance of factors outside of the Company's control in the estimation processes described above, it is possible that materially different amounts could be obtained if different assumptions were used or if the underlying circumstances or estimates were to change or ultimately be different from the Company's expectations. Changes or inaccuracies in underlying assumptions, circumstances or estimates may have a material adverse effect upon the financial results of future periods.

Some of the Company's contracts provide for payments contingent upon successful operation of a satellite, system or product. While the Company may procure insurance policies that the Company believes would indemnify it for fees that are not earned and for performance refund obligations, insurance may not continue to be available on economical terms, if at all. Further, the Company may elect not to procure insurance. In addition, some of the Company's contracts require the Company to pay penalties or damages in the event that satellites, systems or products are not delivered on a timely basis, or to refund cash receipts if a contract is terminated for default prior to delivery. The Company's failure to receive incentive payments, or a requirement that the Company refund amounts previously received or that it pay delay penalties, could have a material adverse effect on its financial condition and results of operations.

The adoption of new accounting standards or interpretations could adversely affect the Company's financial results.

The Company's implementation of and compliance with changes in accounting rules and interpretations could adversely affect its operating results or cause unanticipated fluctuations in its results in future periods. The accounting rules and regulations that the Company must comply with are complex and continually changing. The Company cannot predict the impact of future changes to accounting principles on its financial statements going forward.

Failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on the Company's business and the market price of the Common Shares.

As a publicly-traded company with its Common Shares admitted to trading on the TSX, the Company is subject to reporting and other obligations under applicable Canadian securities laws and the rules of the TSX, including NI 52-109. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources. In order to meet such requirements, the Company has, among other things, established systems, implemented financial and management controls, reporting systems and procedures and may, if necessary, hire qualified accounting and finance staff. However, if the Company is unable to accomplish any such necessary objectives in a timely and effective manner, the Company's ability to comply with its financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Common Shares.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Certain commercial satellite customers are highly leveraged and may not fulfill their contractual payment obligations, including vendor financing.

The Company has certain commercial customers that are either highly leveraged or are in the development stages and may not be fully funded. There is a risk that these customers will be unable to meet their payment obligations under their contracts. In the event that any of the Company's customers encounter financial difficulties, the Company's cash flows and liquidity may be materially and adversely affected. The Company may not be able to mitigate these effects because it manufactures its products to each customer's specifications and generally purchases materials in response to a particular customer contract.

Moreover, some of the satellite contracts include orbital receivables, and certain satellite contracts may require the Company to provide vendor financing to or on behalf of its customers, including guarantees or a combination of these contractual terms. To the extent that the Company's contracts contain orbital receivables provisions or the Company provides vendor financing to or on behalf of its customers, the Company's financial exposure is further increased. In some cases, these arrangements are provided to (i) customers that are new companies, (ii) companies in the early stages of building new businesses or (iii) highly leveraged companies, in some cases, with near-term debt maturities. These companies or their businesses may not be successful and, accordingly, they may not be able to fulfil their payment obligations under their contracts.

The Company has provided, and may provide in the future, partial financing of working capital to or on behalf of its customers to enable it to remain competitive in certain satellite construction contracts.

The Company has provided, and may provide in the future, partial financing of working capital to or on behalf of its customers to enable it to remain competitive in certain satellite construction contracts. The Company has in the past, or currently, implemented these investments in the form of orbital receivables, work-in-progress, performance guarantees, or bridge financing indemnification of third-party lenders. The Company may also arrange for partial or full third-party financing with Export Credit Agencies to be provided to its customers, which may be partially guaranteed by the Company. In addition, if a customer defaults on an obligation to the Company or to an indemnified third party, this could have a significant impact on the Company's business and results of operations. Financing provided both by the Company and third-party financing arranged by the Company may be linked to the Company's ability to deliver the satellite in orbit. If the Company cannot achieve a successful in orbit delivery, the Company could be liable for repayment of amounts received from third party finance providers and could forfeit amounts financed by the Company and any future amounts that would otherwise been earned. The Company undertakes significant customer due diligence prior to providing any financial support to customers and may attempt to limit its exposure through the use of insurance products and other contractual measures but there can be no assurance that such products will be available or will be at a cost that is economically viable.

A small number of the Company's systems and satellite construction contracts permit its customers to pay a portion of the purchase price based on future performance.

A small number of the Company's systems and satellite construction contracts permit its customers to pay a portion of the purchase price based on future performance. For satellite systems (which may include launch and performance) approximately 10% of the purchase price may be paid over the life of the satellite (typically 15 years) subject to the continued performance of the satellite, referred to as orbital receivables. Since these orbital receivables could be affected by future satellite performance, the Company may not be able to collect all or a portion of these receivables. The Company generally does not insure for these orbital receivables and, in some cases, agrees with its customers not to insure them.

The Company records the present value of orbital receivables as revenue during the construction of the satellite, which is typically two to three years. The Company generally receives the present value of these orbital receivables if there is a launch failure or a failure caused by customer error. The Company forfeits some or all of these payments, however, if the loss is caused by satellite failure or as a result of its own error.

In addition to performance of the satellite, there can be no assurance that a customer will not delay payment of an orbital receivable to, or seek financial relief from, the Company if such customer has financial difficulties. Nonpayment of an orbital receivable by a customer for performance or other reasons could have an adverse effect on the Company's cash flows. In addition, if the Company's customers fall behind or default on payments of orbital receivables, the Company's liquidity will be adversely affected.

Some of the Company's satellite construction contracts provide for performance incentives to the customer in the form of warranty payback, which means that in the event satellite anomalies develop after launch, the Company would owe the customer a specified penalty payment. The Company does not insure these contingent liabilities. The Company has recorded reserves in its financial statements based on current estimates of its warranty liabilities. There is no assurance that the Company's actual liabilities to its customers in respect of these warranty liabilities will not be greater than the amount reserved.

Future satellites may be subject to construction and launch delays, launch failures, damage or destruction during launch, the occurrence of which could materially and adversely affect our operations.

Delays in the construction of future satellites and the procurement of requisite components and launch vehicles, limited availability of appropriate launch windows, possible delays in obtaining regulatory approvals, satellite damage or destruction during launch, launch failures, or incorrect orbital placement could have a material adverse effect on our business, financial condition and results of operations. The loss of, or damage to, a future satellite due to a launch failure could result in significant delays in anticipated revenue to be generated by that satellite. Any significant delay in the commencement of service of a satellite would delay or potentially permanently reduce the revenue anticipated to be generated by that satellite. In addition, if the loss of a satellite were to occur, we may not be able to accommodate affected customers with our other satellites or data from another source until a replacement satellite is available, and we may not have on hand, or be able to obtain in a timely manner, the necessary funds to cover the cost of any necessary satellite replacement. Any launch delay, launch failure, underperformance, delay or perceived delay could have a material adverse effect on our results of operations, business prospects and financial condition.

The Company's continued growth in the commercial satellite market is dependent on the growth in the sales of services provided by its customers as well as the development by its customers of new services.

The Company's growth in the commercial satellite market is dependent on the growth in the sales of services provided by its customers as well as the development by its customers of new services. If the Company fails to anticipate changes in the businesses of its customers and their changing needs, or fails to successfully identify and enter new markets, the Company's results of operations and financial position could be adversely affected. The markets that the Company serves may not grow in the future and the Company may not be able to maintain adequate gross margins or profits in these markets. A decline in demand in one or several end-user markets of the Company's customers could have a material adverse effect on the demand for the Company's products and services and have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business strategy is in part dependent on the Company's ability to formulate corporate alliances with leading companies.

A key element of the Company's business strategy is the formation of corporate alliances with leading companies. The Company invests significant resources to develop these relationships. The Company believes that its success in penetrating new markets for its products will depend in part on its ability to maintain these relationships and to cultivate additional or alternative relationships. There can be no assurance that the Company will be able to develop additional corporate alliances with such companies, that existing relationships will continue or be successful in achieving their purposes or that such companies will not form competing arrangements. Any elimination or change of alliances or the formation by others of competing alliances could have an adverse effect on the Company's revenues and financial condition.

The market may not accept the Company's products and services.

The Company cannot accurately predict whether its products and services will achieve significant market acceptance or whether there will be a market for its products and services on terms it finds acceptable. Market acceptance of the Company's products and services depends on a number of factors, including the quality, scope, timeliness, sophistication, price and the availability of substitute products and services. Lack of significant market acceptance of the Company's offerings, delays in acceptance, failure of certain markets to develop or the Company's need to make significant investments to achieve acceptance by the market would negatively affect its business, financial condition and results of operations. If the Company is unable to achieve sustained growth, it may be unable to execute its business strategy, expand its business or fund other liquidity needs and its business prospects, financial condition and results of operations could be materially and adversely affected.

The Company has certain fixed costs, which may reduce its flexibility to make certain reductions or changes in the event of a slowdown or downturn in the business.

The Company requires a large staff of highly skilled and specialized workers, as well as specialized manufacturing and test facilities, in order to perform under its satellite construction contracts. In order to maintain its ability to compete as one of the prime contractors for technologically advanced space satellites, the Company must continuously retain the services of a core group of specialists in a wide variety of disciplines for each phase of the design, development, manufacture and testing of its products. This reduces the Company's flexibility to reduce workforce costs in the event of a slowdown or downturn in its business. In addition, the manufacturing and test facilities that the Company owns or leases under long-term agreements are fixed costs that cannot be adjusted quickly to account for significant variance in production requirements or economic conditions.

Many of the Company's customers have specific security requirements that can change quickly and with little notice.

Many of the Company's customers, including governments, have specific security clearances, protocols and other requirements relating to the work that can be performed for it. These requirements can change quickly and with little notice causing reduction or even elimination of potential work for the Company and the ability of the Company to participate in future business. Any reduction or elimination of work could have an adverse effect on the revenues and margins of the Company.

Fluctuations in foreign exchange rates could have a negative impact on the Company's business.

The Company's financial results are reported in Canadian dollars. A substantial portion of the Company's revenues and expenses are denominated in U.S. dollars.

The Company uses hedging strategies to manage and minimize the impact of exchange rate fluctuations on its cash flow and economic profits. There are complexities inherent in determining whether and when foreign exchange exposures will materialize, in particular given the possibility of unpredictable revenue variations arising from schedule delays and contract postponements. Furthermore, the Company could be exposed to the risk of non-performance of its hedging counterparties. The Company may also have difficulty in fully implementing its hedging strategy depending on the willingness of hedging counterparties to extend credit. Accordingly, no assurances may be given that MDA's exchange rate hedging strategy will protect it from significant changes or fluctuations in revenues and expenses denominated in non-Canadian dollars.

MDA's revenues, expenses, assets and liabilities denominated in currencies other than the Canadian dollar are translated into Canadian dollars for the purposes of compiling its consolidated financial statements. Changes in the value of these currencies relative to the Canadian dollar will have an effect on the Canadian dollar value of the Company's reported consolidated revenues, expenses, assets, liabilities and earnings.

The Company's business involves significant risks and uncertainties that may not be covered by insurance.

The Company maintains an extensive program of insurance coverage in the normal course of business, consistent with similar businesses. In addition, the insurance program covers some of the unique risks encountered by the Company. There can be no assurance that such insurance will remain available to the Company at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by the Company. If the Company is held liable for amounts exceeding the limits of its insurance coverage or for claims outside the scope of that coverage, its business, results of operations and financial condition could be adversely affected.

The price and availability of insurance fluctuate significantly and the Company may not be able to obtain insurance coverage for in-orbit satellites in the future. Any determination that the Company makes as to whether to obtain insurance coverage will depend on a variety of factors, including the availability of insurance in the market, the cost of available insurance and the redundancy of any operating satellites. Insurance market conditions or factors outside the Company's control at the time it is in the market for the required insurance, such as failure of a satellite using similar components, could cause premiums to be significantly higher than current estimates and could reduce amounts of available coverage. The cost of the Company's insurance may increase in the future. Higher premiums on insurance policies will reduce the Company's operating income by the amount of such increased premiums. If the terms of in-orbit insurance policies become less favorable than those currently available, there may be limits on the amount of coverage that the Company can obtain or the Company may not be able to obtain insurance at all.

Current or future litigation could substantially harm the Company's business.

The Company is not currently involved in any material litigation; however, it may be involved in legal proceedings, investigations and other claims or disputes in the future.

In the course of the Company's business, we are, and in the future may be, a party to legal proceedings, investigations and other claims or disputes, which have related and may relate to subjects including commercial transactions, intellectual property, securities, employee relations, or compliance with applicable laws and regulations. The outcome of legal proceedings, investigations and other claims and disputes are inherently difficult to predict and as a result there is the risk that an unfavourable outcome could negatively affect the Company's business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of the Company. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms.

In connection with any government investigations, in the event the government takes action against us or the parties resolve or settle the matter, we may be required to pay substantial fines or civil and criminal penalties and/or be subject to equitable remedies, including disgorgement or injunctive relief. Other legal or regulatory proceedings, including lawsuits filed by private litigants, may also follow as a consequence. These matters are likely to be expensive and time consuming to defend, settle and/or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. They may also cause damage to our business reputation. The unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Some of the Company's contracts are classified, which may limit investor insight into portions of the Company's business.

The Company derives a portion of its revenues from programs with governments that are subject to security restrictions that preclude the dissemination of information that is classified for national security purposes or other reasons. The Company is limited in its ability to provide details about these classified programs, the risks or any disputes or claims relating to such programs. As a result, investors and others might have less insight into the Company's classified programs than its other businesses and, therefore, less ability to fully evaluate the risks related to the Company's classified business.

The Company and/or its subsidiaries are required to post letters of credit or other forms of bonds and parental guarantees under a number of the Company's contracts.

In the case of a number of the contracts of the Company, letters of credit or other forms of bonds and parental guarantees are required to be posted by the Company or its subsidiaries to cover advance payments or progress payments received by the Company and its subsidiaries, or to cover the Company's or its subsidiaries' performance obligations. If these letters of credit or other bonds or parental guarantees are called in accordance with the terms and conditions included therein, the effect of such calls could have an adverse effect on the results of operations and financial condition of the Company.

The forward-looking information contained herein may prove to be incorrect.

The forward-looking information relating to, among other things, future results, performance, achievements, prospects or opportunities of the Company included in this AIF are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this AIF.

Growth may place significant demands on the Company's management and infrastructure.

The Company's growth may place significant demands on its management and its operational and financial infrastructure. The expansion of the Company's infrastructure would require it to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable products and service levels for its clients, develop and improve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Managing the Company's growth will require expenditures and allocation of valuable management resources. Failure to effectively manage growth could result in difficulty or delays in serving clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact the Company's business performance and results of operations.

The Company incurs increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm its operating results.

As a public company, we incur significant legal, accounting, and other expenses than we incurred as a private company. We are subject to the reporting requirements of the Ontario Securities Commission ("**OSC**") and the rules and regulations of the TSX. These requirements have increased and will continue to increase our legal, accounting, and financial compliance costs and have made, and will continue to make, some activities more time-consuming and costly. These rules and regulations make it more expensive for us to obtain director and officer liability insurance on an ongoing basis, and we may in the future be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board or as our executive officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

If the Company cannot maintain its corporate culture, the Company could lose valuable qualities from its workforce.

The Company believes that its corporate culture is a critical component of its success. As the Company develops the infrastructure of a public company and continues to grow, the Company may find it difficult to maintain these valuable aspects of its corporate culture. Failure to preserve its corporate culture could negatively impact the Company's future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Negative publicity could result in a decline in the Company's client growth and its business could suffer.

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is very important to attracting new clients as well as reaching additional agreements with existing clients. There can be no assurance that the Company will continue to maintain good relationships with its clients or avoid negative publicity. Any damage to the Company's reputation, whether arising from its conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting its financial reporting or compliance with the OSC and TSX listing requirements, security breaches or otherwise could have a material adverse effect on its business.

The Company's risk management efforts may not be effective.

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk and other market-related risk, as well as operational risks related to its business, assets and liabilities. The Company's risk management policies, procedures and techniques may not be sufficient to identify all of the risks the Company is exposed to, mitigate the risks that the Company has identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

The Company may incur operating losses in the future.

The Company expects its operating expenses to increase in the future as it expands its operations. Furthermore, as a public company, it will incur legal, accounting and other expenses that it did not incur as a private company. If the Company's revenue does not grow to offset these increased expenses, the Company may not be profitable. The Company cannot assure the investors that it will be able to achieve or maintain profitability. Investors should not consider historical revenue growth as indicative of the Company's future performance.

Pension and other postretirement benefit obligations may materially impact the Company's earnings, shareholders' equity and cash flows from operations, and could have a significant adverse impact in future periods.

The Company maintains defined benefit, pension and other postretirement benefits plans for some of its employees. Potential pension contributions include discretionary contributions to improve the plans' funded status. The extent of future contributions depends heavily on market factors such as the discount rate and the actual return on plan assets. The Company estimates future contributions to these plans using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions, annual pension and other postretirement costs, the value of plan assets and the Company's benefit obligations.

Significant changes in actual return on pension assets, discount rates, and other factors could adversely affect the Company's results of operations and require cash pension contributions in future periods. Changes in discount rates and actual asset returns different than the Company's expected asset returns can result in significant non-cash actuarial gains or losses which the Company records in the fourth quarter of each fiscal year, and, if applicable, in any quarter in which an interim re-measurement is triggered. With regard to cash pension contributions, funding requirements for the Company's pension plans are largely dependent upon interest rates, actual investment returns on pension assets and the impact of legislative or regulatory changes related to pension funding obligations.

The Company also provides other postretirement benefits to certain employees, consisting principally of health care, dental and life insurance for eligible retirees and qualifying dependents. The Company's estimates of future costs associated with these benefits are also subject to assumptions, including estimates of the level of medical cost increases and discount rates.

The Company's by-laws provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to the internal affairs of the Company will be required to be litigated in Canada, which could limit an investor's ability to obtain a favourable judicial forum for disputes with the Company.

The Company's by-laws include a forum selection provision that provides that, unless the Company consents in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and appellate Courts therefrom (or, failing such Court, any other "court" (as defined in the OBCA) having jurisdiction and the appellate Courts therefrom), shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on the Company's behalf, (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to the Company, (c) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or the articles or the by-laws of the Company (as either may be amended from time to time), or (d) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by the Company or its affiliates and their respective shareholders, directors and/or officers. The Company's by-laws also provide that its shareholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the Company's by-laws. Therefore, it may not be possible for shareholders to litigate any action relating to the foregoing matters outside of the Province of Ontario. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of the Company's forum selection by-law could be challenged and that a court could rule that such by-law is inapplicable or unenforceable. If a court were to find the Company's forum selection by-law inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions and the Company may not obtain the benefits of limiting jurisdiction to the courts selected.

It may be difficult or impossible for investors to enforce judgements against foreign subsidiaries and resident directors or officers of the Company

Certain of the Company's wholly-owned subsidiaries are organized under the laws of foreign jurisdictions and certain of the directors and officers of the Company are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

Risks Related to Our Common Shares

There is no guarantee that our Common Shares will earn any positive return in the short term or long term.

A holding of our Common Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of our Common Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

The price of our Common Shares may be volatile and may decline regardless of our operating performance.

The price of our Common Shares has fluctuated in the past and we expect it to fluctuate in the future, and it may decline. The trading prices of technology companies' securities have been, and we expect them to continue to be, highly volatile. The market price of our Common Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- actual or anticipated fluctuations in our revenue and other results of operations, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the size of our public float;
- price and volume fluctuations in the trading of our Common Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- changes in our Board or management;
- short sales, hedging, and other derivative transactions involving our Common Shares;
- sales or perceived sales, or announcement of potential future sales, of our Common Shares including sales by our executive officers, directors, and significant shareholders;
- sales or perceived sales of additional Common Shares;
- release or expiration of transfer restrictions on outstanding Common Shares (including Common Shares subject to lock-up restrictions);
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets; and
- other events or factors, including changes in general economic, industry, political, social, and market conditions, and trends, including the COVID-19 pandemic, as well as any natural disasters, which may affect our operations.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Share prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management, and harm our business.

Future sales, or the perception of future sales of Common Shares by existing shareholders could cause the price of our Common Shares to decline.

In addition, certain holders of options and other share-based awards will have an immediate income inclusion for tax purposes when they exercise their options or when their other awards are share-settled (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options or issued upon share settlement of share-based awards in the same year that they exercise their options or in which their share-based awards are share-settled. This might result in a greater number of Common Shares being sold in the public market, and reduced long-term holdings of Common Shares by our management and employees.

Our constating documents permit us to issue additional securities in the future, including Common Shares without additional shareholder approval.

Our articles permit us to issue an unlimited number of Common Shares. We anticipate that we will, from time to time, issue additional Common Shares in the future, including in connection with potential acquisitions. Subject to the requirements of the TSX, we will not be required to obtain the approval of shareholders for the issuance of additional Common Shares. Any further issuances of Common Shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade our Common Shares, the price of our Common Shares could decline.

The trading market for our Common Shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our Common Shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of our Common Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Common Shares could decrease, which might cause the price and trading volume of our Common Shares to decline.

Our issuance of additional Common Shares or other securities that are convertible or exchangeable into Common Shares in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other shareholders.

We expect to issue additional securities in the future that will result in dilution to all other shareholders. We expect to grant equity awards to employees, directors, and consultants under our Omnibus Plan. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional Common Shares or other securities that are convertible or exchangeable into Common Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of our Common Shares to decline.

We may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' voting power and percentage ownership of our Common Shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of our Common Shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favourable to us, or at all. A failure to obtain additional funding could prevent us from making expenditures that may be required to implement our growth strategy and grow or maintain our operations.

We generally do not currently intend to pay dividends for the foreseeable future.

We generally do not intend to pay dividends to the holders of our Common Shares for the foreseeable future. Our ability to pay dividends on our Common Shares is limited by our existing indebtedness, and may be further restricted by the terms of any future debt incurred or preferred securities issued by us or our subsidiaries or law. Payments of future dividends, if any, will be at the discretion of our Board after taking into account various factors, including our business, financial condition, and results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on our ability to pay dividends. As a result, any capital appreciation in the price of our Common Shares may be your only source of gain on your investment in our Common Shares.

Shareholders have limited control over our operations.

Shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our shares. The Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the shareholders. Shareholders only have a right to vote in the circumstances. The Board's broad discretion in setting policies and the limited ability of shareholders to exert control over those policies increases the uncertainty and risks of an investment in our shares.

DIVIDENDS

MDA currently intends to retain any future earnings to fund the development and growth of our business and/or to pay down debt and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the sole discretion of the Board of Directors and will be dependent upon the Company's results of operations, financial condition, cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other relevant factors. The Company cannot assure investors as to the amount or timing of any dividends in the future

DESCRIPTION OF CAPITAL STRUCTURE

The following description of our share capital summarizes certain provisions contained in our articles and by-laws. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our articles and by-laws, which have been filed under the Company's profile on SEDAR at www.sedar.com.

Share Capital Information of the Company

The Company is currently authorized to issue an unlimited number of Common Shares. As of December 31, 2021, there were 119,238,920 Common Shares issued and outstanding.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend any shareholders' meetings and are entitled to one vote in respect of each Common Share held at such meetings.

The holders of the Common Shares are entitled to participate equally in dividends, if any, declared in the Common Shares.

In the event of the liquidation, dissolution or wind-up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding-up the Company's affairs, the Common Shares shall rank equally as to priority of distribution. Such distribution shall be made in equal amount per Common Share on all the Common Shares outstanding without preference or distinction.

MARKET FOR SECURITIES

Common Shares

The Common Shares are listed and posted for trading on the TSX under the symbol "MDA". The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX for the periods indicated:

Month	High (C$)	Low (C$)	Volume
April 8 to April 30, 2021	18.88	14.90	2,029,202
May 2021	16.40	14.60	578,759
June 2021	16.55	14.21	982,073
July 2021	16.58	15.00	389,255
August 2021	16.80	15.00	716,929
September 2021	16.80	15.75	373,132
October 2021	16.78	15.16	448,430
November 2021	16.27	10.29	2,606,841
December 2021	11.00	8.76	4,623,356
January 2022	9.89	8.95	13,575,069
February 2022	9.79	8.19	7,984,185

PRIOR SALES

During the year ended December 31, 2021, the Company granted an aggregate of 2,576,650 stock options to acquire an aggregate of 2,576,650 Common Shares with a weighted average exercise price of $18.66.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Employee Trust

In connection with the IPO, the Company settled the Employee Trust, the beneficiaries of which are certain executive officers and employees of the Company as of the date of closing of the IPO. The Employee Trust was established in consideration for past and ongoing services to the Company by such executive officers and employees and in some cases in furtherance of agreements made by the Company in its offers of employment to such executive officers and employees. The Common Shares held in the Employee Trust are subject to certain vesting conditions and forfeiture upon the occurrence of certain events, including termination for cause, resignation, termination without cause, disability, death or retirement, in a manner similar to the vesting of awards, and the impact on awards as a result of the occurrence of such events, under the Company's Omnibus Plan.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	547,292[(1)]	0.46%

Notes:

(1) 547,292 Common Shares held by the Employee Trust are subject to contractual restrictions pursuant to the terms of the employee share trust agreement that governs the terms of such Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Pursuant to the articles of the Company, the Company's Board of Directors shall consist of a minimum of 3 and a maximum of 20 directors. The directors of the Company shall hold office until the next annual meeting of shareholders or until their resignation or removal or until their respective successors have been duly elected or appointed.

Name, Occupation and Security Holdings

The following are the names and municipalities of residence of the Company's directors and executive officers as of December 31, 2021, their positions and offices with the Company and corresponding start dates, and their principal occupations during the last five years:

Name, Province or State and Country of Residence [1]	Office held with MDA	Director and/or Executive Officer since	Present principal occupation and positions held[2]
Andrew Lapham[3],[12] Ontario, Canada	Director	June 2, 2020	Chief Executive Officer of NPC
Anthony Pagano[4],[11][19] Ontario, Canada	Director	March 18, 2021	Chief Financial Officer of Uni-Select Inc.
Brendan Paddick, ICD.D[11] Freeport, Bahamas	Director	March 18, 2021	Chief Executive Officer of Columbus Capital Corporation
Darren Farber[11],[12][19] Maryland, USA	Director	March 18, 2021	Founder and Managing Partner of Albion River LLC
Richard Florizone[5][19] Ontario, Canada	Director	March 18, 2021	President and Chief Executive Officer of International Institute for Sustainable Development
Jim Balsillie[12] Ontario, Canada	Director	March 18, 2021	Self-Employed
John Risley[6] Nova Scotia, Canada	Director	March 18, 2021	Chief Executive Officer of CFFI Ventures Inc.
Jill Smith[7],[12] Massachusetts, USA	Director	March 18, 2021	Corporate Director
James Stavridis[8] Florida, USA	Director	March 18, 2021	Operating Executive of The Carlyle Group
Michael Greenley[9] Ontario, Canada	Chief Executive Officer and Director	March 18, 2021	Chief Executive Officer and Director of the Company
Yaprak Baltacioglu, ICD.D[10][19] Ontario, Canada	Director	March 18, 2021	Professor at University of Toronto Munk School of Global Affairs and Public Policy and Strategic Advisor at Compass Rose Group
Vito Culmone[13] Alberta, Canada	Chief Financial Officer	March 6, 2021	Chief Financial Officer of the Company
Amer Khouri[14] Quebec, Canada	Vice President, Satellite Systems	January 25, 2021	Vice President, Satellite Systems of the Company
Minda Suchan[15] British Columbia, Canada	Vice President, Geointelligence	November 9, 2020	Vice President, Geointelligence of the Company

Name, Province or State and Country of Residence [(1)]	Office held with MDA	Director and/or Executive Officer since	Present principal occupation and positions held[(2)]
Tim Kopra[(16)(17)] Texas, USA	Vice President, Robotics & Space Operations	June 1, 2020	Vice President, Robotics & Space Operations of the Company
Martin Herman[(18)] Ontario, Canada	Vice President, Legal, General Counsel and Corporate Secretary	July 6, 2020	Vice President, Legal & General Counsel of the Company

Notes:

(1) The Board has determined that Michael Greenley, the Chief Executive Officer of the Company, and Andrew Lapham are not considered independent.

(2) Each of the persons has held these positions for five years other than as described below.

(3) Prior to becoming the Chief Executive Officer of NPC in April 2018, Andrew Lapham was Chairman of Blackstone Canada from May 2014 to May 2018.

(4) Prior to becoming the Chief Financial Officer of Uni-Select Inc. in May 2021, Anthony Pagano was the Chief Financial Office of Terrapure Environmental Ltd. from September 2020 to April 1, 2021, President of Burger King, Asia Pacific from September 2016 to February 2019 and Head of Finance and Retail of Tim Hortons from March 2019 to January 2020.

(5) Prior to becoming President and Chief Executive Officer of the International Institute for Sustainable Development, Richard Florizone was a Director at Quantum Valley Ideas Lab from January 2019 to June 2019 and President of Dalhousie University from June 2013 to January 2019.

(6) Chair of the Board

(7) Jill Smith was the Chair, Chief Executive Officer and President of DigitalGlobe, Inc. from November 2005 to April 2011, and President and Chief Executive Officer of Allied Minds Inc. from May 2017 to April 2019.

(8) Prior to becoming Operating Executive of The Carlyle Group in June 2018, James Stavridis was Dean of The Fletcher School of Law and Diplomacy, Tufts University from July 2013 to August 2018.

(9) Prior to becoming the Chief Executive Officer and Director of the Company, Michael Greenley was Group President of MDA (subsidiary of Maxar Technologies ULC) from January 2018 to April 7, 2020, Sector President of L-3 WESCAM from September 2016 to January 2018 and Vice President and General Manager of CAE Canada from September 2013 to September 2016.

(10) Prior to becoming a Professor at the University of Toronto Munk School of Global Affairs and Public Policy in May 2018 and Strategic Advisor at Compass Rose Group in November 2019, Yaprak Baltacioglu was Secretary of the Treasury Board, Government of Canada from October 2012 to April 2018.

(11) Member of the Audit Committee.

(12) Member of the Nominating & Governance Committee.

(13) Prior to becoming the Chief Financial Officer of the Company, Vito Culmone was the Executive Vice President and Chief Financial Officer of Element Fleet Management.

(14) Prior to becoming the Vice President, Satellite Systems of the Company, Amer Khouri was the Vice President, Commercial Satellites of Northrop Grumman.

(15) Prior to becoming the Vice President, Geointelligence of the Company, Minda Suchan was the managing director at Riverside Research.

(16) Prior to becoming the Vice President, Robotics & Space Operations of the Company, Tim Kopra was a partner (and is a currently an advisor) of Blue Bear Capital from January 2017 to December 2019, and an Astronaut for the National Aeronautics and Space Administration from August 2000 to September 2018.

(17) Tim Kopra resigned from his position with the Company effective February 1, 2022. Upon his resignation, Holly Johnson was appointed Acting Vice President, Robotics & Space Operations.

(18) Prior to becoming the Vice President, Legal, General Counsel and Corporate Secretary of the Company, Martin Herman was the General Counsel & Head of Contracts of De Havilland Aircraft of Canada Limited from June 2019 to July 2020, and held various positions of increasing responsibility within the Legal Services teams of Bombardier Inc. from May 2007 to June 2019.

(19) Member of the Human Resources, Development & Compensation Committee.

Security Holding

As at the date hereof, as a group, the directors and executive officers of the Company owned, controlled or directed, directly or indirectly, 26,230,536 Common Shares, representing approximately 22.00% of the issued and outstanding Common Shares, as of the date of this AIF. The foregoing does not take into account Common Shares to be issued upon the potential exercise of stock options, or Common Shares held by the Employee Trust.

Directors

Andrew Lapham

Mr. Lapham has more than 20 years of principal investing experience in both public and private markets. He is Chief Executive Officer of NPC. Previously, Mr. Lapham served as Executive Advisor to The Blackstone Group in Canada, where his focus was sourcing and evaluating large investment opportunities. Mr. Lapham was also Principal at Onex Corporation, where he led their energy investing practice and was involved with multiple transactions across other industries, in particular hospitality and manufacturing. Prior to his time with Onex, Mr. Lapham worked at Odyssey Partners, a mid-market private equity firm in New York, and was a hedge fund portfolio manager at John A. Levin & Co., a multi-strategy asset management firm. Mr. Lapham received his Bachelor’s degree from Princeton University.

Anthony Pagano

Mr. Pagano is currently the CFO of Uni-Select, a leading distributor of automotive refinish and industrial products. Before joining Uni-Select in May 2021, Mr. Pagano was the CFO of Terrapure Environmental Ltd., a Canadian provider of innovative, cost effective environmental service and recycling solutions. Prior to that, he occupied a variety of senior positions at Restaurant Brands International including serving as President, Burger King, Asia Pacific and Head of Finance and Retail at Tim Hortons. Previously, he occupied increasingly senior finance and operations roles at Dollarama L.P. Earlier in his career, he worked in investment banking at RBC Capital Markets. Anthony holds a Bachelor of Engineering – Mechanical from McGill University and is a CFA charter holder.

Brendan Paddick, ICD.D

Mr. Paddick is currently the CEO of Columbus Capital Corporation and the Founder and former CEO of Columbus Communications Inc. Mr. Paddick is also the Chair of the Board of Directors of Nalcor Energy and Churchill Falls (Labrador) Corporation and is a director and member of the audit committee of Liberty Latin America (Nasdaq: LILA), a leading telecommunications company with operations in over 40 countries across Latin America and the Caribbean. Mr. Paddick holds Bachelor of Commerce and MBA degrees from Memorial University of Newfoundland (Alumnus of the Year in 2013) and graduated from the Advanced Management Program at Harvard University. He has been recognized through a variety of awards, including Canada’s Top 40 under 40 in 2000, induction into the Junior Achievement Newfoundland and Labrador Business Hall of Fame in 2018, and EY Canada’s Special Citation Award for Master Entrepreneur in 2019 for his career body of work. Mr. Paddick also holds his ICD.D designation from the Rotman School of Management/Institute of Corporate Directors.

Darren Farber

Mr. Farber currently serves on a number of different boards and is the Founder of Albion River, a private direct investment firm that focuses on Aerospace, Defense, and Government related businesses. Previously, Mr. Farber was Co-Founder of NAWAH LLC, a Pritzker Organization enterprise focused on project finance in the Middle East and Southwest Asia. Mr. Farber was formerly a special advisor to the Deputy Under Secretary of Defense – Business Transformation and a member of the U.S. Department of Defense Task Force for Business and Stability Operations where he received the Secretary of Defense Medal for Outstanding Public Service. Mr. Farber began his career in product engineering at Nortel Networks and Celestica.

Richard Florizone

Dr. Florizone is President and CEO of the International Institute for Sustainable Development (IISD), and President Emeritus of Dalhousie University. He has held leadership and advisory roles with the International Finance Corporation (IFC), the University of Saskatchewan, Bombardier Aerospace, and the Boston Consulting Group. Dr.

Florizone holds a PhD in Physics from MIT, an M.Sc. and a B.Sc. from the University of Saskatchewan. He has earned the chartered director (C. Dir.) designation from Canada's Directors' College and in 2015 was named a Fellow of the Canadian Academy of Engineering.

Jim Balsillie

Mr. Balsillie is a Canadian businessman and philanthropist, currently running his private investment office and family foundation. He is the retired Chairman and co-CEO of Research In Motion (BlackBerry), a technology company he scaled from an idea to $20 billion in sales globally. He is the co-founder of the Institute for New Economic Thinking in New York, the Council of Canadian Innovators based in Toronto, the Centre for International Governance Innovation in Waterloo, the Centre for Digital Rights and the CIO Strategy Council in Ottawa. Mr. Balsillie currently chairs the boards of Magnet Forensics, CCI, CIGI, and co-Chairs CIOSC. He is also the founder of the Balsillie School of International Affairs and the Arctic Research Foundation, a board member of the Citadele Bank and the Carnegie Endowment for International Peace, the Advisory Board of the Stockholm Resilience Centre, an Honorary Captain of the Royal Canadian Navy and an Advisor to Canada School of Public Service. He was the private sector representative on the UN Secretary General's High Panel for Sustainability. He holds an MBA from Harvard University, a BComm from the University of Toronto and an FCPA.

John Risley

Mr. Risley was the co-founder of Clearwater Seafoods and serves as Chairman and President of CFFI Ventures Inc., an active investment and holding company with its major investments in renewable energy, financial services ventures and NPC, an investment fund formed by CFFI Ventures and Andrew Lapham. Mr. Risley has been recognized with a number of awards, including Atlantic Canadian Entrepreneur of the Year and a Canada Award for Business Excellence in Entrepreneurship. He was named an Officer of the Order of Canada and was inducted into the Nova Scotia Junior Achievement Business Hall of Fame in 1997. Mr. Risley is a graduate of Harvard University's President's Program on Leadership.

Jill Smith

Ms. Smith brings more than 25 years of experience as an international business leader, including 17 years as chief executive officer of private and public companies in the technology and information services markets. She served as Chairman, Chief Executive Officer and President of DigitalGlobe Inc., a global provider of satellite imagery products and services, and President and Chief Executive Officer of Allied Minds plc, an intellectual property commercialization company, eDial, a VoIP collaboration company, and SRDS, a business-to-business publishing firm. Ms. Smith started her career as a consultant at Bain & Company, where she rose to become Partner. She currently serves as Non-Executive Director of Aspen Technology Inc., R1 RCM, Inc. and Circor International, Inc. Ms. Smith earned an MSc Management from MIT Sloan School of Management.

Admiral James Stavridis

Admiral Stavridis is Vice Chairman, Global Affairs with The Carlyle Group, where he provides geopolitical context regarding potential global investments, works with officers of the firm on international issues, and provides specific advice on individual financial deals in cybersecurity, aerospace, maritime, transportation, and other key sectors. He also serves as the Chair of the Board, The Rockefeller Foundation. Admiral Stavridis attended the U.S. Naval Academy at Annapolis and spent 37 years in the Navy, rising to the rank of 4-star Admiral, where he worked directly for the Secretary of Defense in the conduct of military operations and security cooperation in nearly a hundred countries as the longest serving combatant commander in recent U.S. history. He served as the 16th Supreme Allied Commander at NATO, Commander U.S European Command, and U.S. Southern Command. He is the recipient of 50 medals, 28 from non-U.S. nations. Admiral Stavridis has published ten books and hundreds of articles in leading journals, and has particularly deep expertise in maritime affairs, space operations, cyber security, international law, and the operation of unmanned vehicles. After leaving the military, he served for five years as the Dean of The Fletcher School of Law and Diplomacy at Tufts University. Admiral Stavridis earned a PhD from The Fletcher School at Tufts in international law.

Michael Greenley

Mr. Greenley is the Chief Executive Officer of the Company. Prior to joining MDA, Mr. Greenley was Sector President of L-3 WESCAM, a provider of systems for defence, homeland security and law enforcement. From 2013 to 2016, he served as Vice President and General Manager of CAE Canada, supporting defence and security markets. From 2008 to 2013 he served first as Vice President, Strategy and Business Development for General Dynamics (GD) Canada, then as Vice President, International for GD Mission Systems. From 2004 to 2008, he was Vice President of the modeling and simulation business at CAE. Mr. Greenley has 30 years of experience in the defence and security business, with broad experience serving the Land, Air, Maritime, Joint, and Public Safety sectors. Mr. Greenley is a member of the Business Council of Canada and recently served as the Vice-Chair of the Government of Canada's Economic Strategy Table for Advanced Manufacturing. He served as a Board Member of the Aerospace Industries Association of Canada (AIAC) and the Ontario Aerospace Council. He was previously Chairman of the Advisory Board for Defence and Security Export to the Department of Foreign Affairs and International Trade (DFAIT) in Canada, and was a member of the Industry Advisory Boards to Department of National Defence, Defence R&D Canada, Public Services and Procurement Canada, and the CEO of the Export Development Canada (EDC). Mr. Greenley also has served on a number of non-profit boards including 6 years as the Chair of the Board of the Canadian Association of Defence and Security Industries (CADSI), and Chair of the Board for the Elmwood School for Girls. Mr. Greenley has been recognized for his business and community leadership as an Ottawa Top 40 under 40 business leader, a PROFIT 100 CEO for leading one of Canada's fastest growing companies for three years running, and as a recipient of the Queen Elizabeth II Diamond Jubilee Medal for service to peers and country in the defence sector.

Yaprak Baltacioglu, ICD.D

Ms. Baltacioglu has had a distinguished public service career that spans more than 25 years within the federal government. She has directly impacted the direction of government affairs through shaping policy, directing programs and overseeing operations. Ms. Baltacioglu was the Secretary of the Treasury Board from 2012 and 2018, and under her direction, the Treasury Board of Canada Secretariat was recognized as one of Canada's Top 100 Employers. She has also been Deputy Minister of Transport, Infrastructure and Communities and Agriculture and Agri-Food. Ms. Baltacioglu holds a Bachelor of Law from Istanbul University, an ICD.D Designation from the Rotman School of Management at the University of Toronto, as well as a Master of Arts from the Carleton University School of Public Administration. In 2015, she received the Bissett Alumni Award for Distinctive Contributions to the Public Sector from Carleton University and in 2021, she was made a member of the Order of Canada.

Executive Officers

Vito Culmone, Chief Financial Officer

Mr. Culmone brings 33 years of financial and operations expertise, serving as a chief financial officer for the last 14 years in large publicly-traded Canadian companies in a diverse range of sectors. He has demonstrated exceptional strategic thinking and a focus on building sustainable shareholder value. Through it all, Mr. Culmone has earned a reputation with investors and the broader capital markets community as a strong, proven leader, passionate about transformation and for growing businesses. Most recently, Mr. Culmone served as the Executive Vice President and Chief Financial Officer to Element Fleet Management, the largest pure-play commercial vehicle fleet manager in the world, where he led the successful transformation of the company. He led all financial, audit and accounting aspects of the business, including financial reporting, planning/analysis, tax and credit functions. Prior to joining Element Fleet, Mr. Culmone served as Chief Financial Officer at Shaw Communications, one of the country's largest cable and communications enterprises and before that was the Chief Financial Officer at WestJet Airlines, one of Canada's largest air carriers. Between 1995 and 2001, he held increasingly senior positions at Molson Coors Brewing, including overseeing commercial finance as well as finance and strategy for the U.S. Mr. Culmone began his career at Price Waterhouse, where he also completed his designation as a Chartered Accountant. In January 2021, Mr. Culmone was recognized as a Fellow of the Chartered Professional Accountants profession, the highest distinction conferred upon its members. Mr. Culmone also serves as a Board member and Chair of the audit committee for EPCOR. EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States

Amer Khouri, Vice President, Satellite Systems

Mr. Khouri has an extensive 31-year career in business leadership, corporate and business development, strategy, product management and marketing in high technology industries including Telecommunications, Satellites and Aerospace. He has held senior positions at major global corporations spanning manufacturing to services and has led the organizations' focus on change management and long term strategic development. Mr. Khouri is a proven leader with a strong track record building and transforming global organizations, developing and implementing winning growth strategies, and executing and integrating acquisitions and business ventures. Mr. Khouri joined MDA from Northrop Grumman (and Orbital ATK) where he has worked since 2007. He most recently served as the Vice President, Commercial Satellites and managed P&L, program execution, operations, new business development and in-orbit support for all commercial communication satellites globally. Prior to joining Orbital ATK, Mr. Khouri was the Vice President of Corporate Development and Chief Marketing Officer for Decision Strategies International (DSI), a management consulting firm, where he helped several clients develop strategies for managing innovation, risk and uncertainty, and emerging technologies. From 2000 to 2006, Mr. Khouri was at Intelsat, the world's largest fixed satellite services company where he held several senior positions culminating as Senior Vice President, Strategy, Business Development & Global Marketing. During that period, Mr. Khouri was instrumental in shaping Intelsat's strategy and led the company's worldwide corporate development, marketing and public relations activities. In his early career, Mr. Khouri worked in various engineering and product management roles for Mitsubishi Electric America, PanAmSat and GTE Spacenet. Mr. Khouri holds a Bachelors and Masters of Electrical Engineering from the Catholic University of America in Washington, DC as well as an Executive Masters of Science in Management from the University of Maryland global campus.

Dr. Minda Suchan, Vice President, Geointelligence

Dr. Suchan has an extensive leadership background in the U.S. defence and intelligence community with 25 years of experience in business execution and operations, strategy and business development, acquisition integration, engineering management, and technology portfolio investments, while leveraging innovative technologies such as artificial intelligence. Most recently, Dr. Suchan was the managing director at Riverside Research, where she led a team advancing critical capabilities in the U.S. Intelligence Community. Prior to Riverside Research, she was the Vice President of Technology, Strategy & Business Development for Harris Electronic Systems segment and the executive business director for Harris Geospatial Government Systems. In other prior roles, Dr. Suchan had been responsible for capturing new business opportunities in the area of Intelligence, Surveillance and Reconnaissance (ISR) and served as the deputy director for Center for Innovation, Technology and Development where she coordinated a multifunctional team involving advocacy, planning and analysis, strategic operations, corporate strategy, investment innovation development and marketing communications. Prior to joining the Harris Corporation, Dr. Suchan held a number of roles with the Raytheon Company, beginning as a senior physics engineer specializing in novel electro-optical sensors, serving as National Reconnaissance Office (NRO) Technology Fellow at various government sites, and then held progressively senior positions in business development and strategy in the area of radar, EO/IR and emerging intelligence solutions, culminating as the National Reconnaissance Office account manager with Raytheon Corporate U.S. business development. Dr. Suchan is a long-time advocate for women in technology, and has a number of professional affiliations, including her prior work with the Raytheon El Segundo Women's Network, serving as a co-chair for the Women in Aerospace Conference, a member of Women in Technology and Women in Defense, as a well as being on the board of trustees for St. Catherine University, focused on advanced education for women. Dr. Suchan earned a B. A. Degree from the College of St. Catherine in St. Paul, MN, followed by a Ph.D. at the University of Southern California, Los Angeles, CA.

Tim Kopra, Vice President, Robotics & Space Operations

Mr. Kopra served in the U.S. Army from 1985 to 2010 as an Army Aviator, attaining the rank of Colonel. His extensive and varied military service includes deployments in aviation operations during Operation Desert Shield and Operation Desert Storm within Saudi Arabia, Kuwait, and Iraq, as well as in Germany where he led an attack helicopter company. He also served as an experimental test pilot on various projects and as the developmental test director for the Comanche helicopter program. In 1998, he was assigned to NASA's Johnson Space Center in Houston as a vehicle integration test engineer. Selected as an astronaut in 2000, he served in multiple technical and leadership assignments relating to ISS hardware and aviation safety. As part of his preparation for a long-duration space mission, he trained in the U.S., Russia, Japan, Germany and Canada on ISS hardware and systems, ISS assembly and scientific experiments. He flew on two spaceflights, serving as Space Shuttle Mission Specialist on STS-127/128 and ISS

Expedition 20 Flight Engineer from July-September 2009, and later as ISS Expedition 46 Flight Engineer, Expedition 47 Commander, and Soyuz 19M Spacecraft co-pilot from December 2015-June 2016. Logging a total of 244 days in space, he executed assembly tasks using Canadarm2 and clocked 13 hours and 31 minutes on three spacewalks. He also served on the National Oceanic and Atmospheric Administration's (NOAA) Aquarius underwater laboratory as part of NASA Extreme Environment Mission Operations (NEEMO) 11, testing space suit design concepts, communication protocols, construction techniques, and the use of robotic devices. He formally retired from NASA in October 2018. From January 2017 to December 2019, Mr. Kopra was a partner and is currently an advisor at Blue Bear Capital, a private equity firm that invests in high-growth technology companies and start-ups across the energy, infrastructure and climate industries. He also served in advisory roles in other private equity and venture capital firms. Mr. Kopra earned a Bachelor of Science degree from the U.S. Military Academy at West Point (1985), a Master of Science in Aerospace Engineering from Georgia Institute of Technology (1995), graduated from the U.S. Navy Test Pilot School (1996), received a Master of Strategic Studies from U.S. Army War College (2006), and Master of Business Administration degrees from Columbia Business School and London Business School (2013).

Martin Herman, Vice President, Legal, General Counsel and Corporate Secretary

Mr. Herman is an expert in aviation and aerospace law, with experience in aircraft sales, financing and leasing; national and international regulatory matters; international trade; supply chain procurement; accident investigation and litigation; secured financing; bankruptcy and insolvency; and general corporate and commercial law. Mr. Herman most recently served as General Counsel & Head of Contracts from June 2019 to July 2020 at De Havilland Aircraft of Canada Limited. From May 2007 to June 2019, Mr. Herman held various positions of increasing responsibility within the Legal Services teams of Bombardier Inc., culminating in the promotion to Vice President and Head of Legal Services, Bombardier Commercial Aircraft, in July 2018. Mr. Herman received an Honours Bachelor of Arts degree in Political Science from McGill University in 1994 and an LL.B. from Osgoode Hall Law School in 1997. He was admitted to the Ontario Bar in 1999.

Audit Committee Information

As of the date of this AIF, the Company's Audit Committee consists of Anthony Pagano, Brendan Paddick and Darren Farber, each of whom is and must at all times be financially literate. All of the Audit Committee members are considered independent within the meaning of NI 52-110. The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies above under "Directors and Executive Officers – Directors".

The Board has adopted a written Charter for the Audit Committee, which sets out the Audit Committee's responsibility in reviewing and approving the financial statements of MDA and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the reviewing of MDA's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors. As of the date of this AIF, the text of the Charter of the Audit Committee is appended hereto as Appendix A.

The members of the Audit Committee will be appointed annually by the Board, and each member of the Audit Committee will serve at the request of the Board until the member resigns, is removed, or ceases to be a member of the Board.

All non-audit services to be provided by the Company's external auditor are required to be pre-approved by the Audit Committee.

External Audit Service Fees

The fees billed to MDA by its auditor for Fiscal 2021 and 2020 were as follows:

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2021	$1,454,130	8,025	$132,508	-

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2020	$1,214,000	$174,517	$20,295	-

Notes:

(1) Total fees earned for professional services provided by the external auditor for the review of the interim financial statements, audits of the annual financial statements, the review of financial accounting and reporting matters including new accounting standards and involvement in the Company's prospectus, in connection with the IPO. Annual audit fees are reported in the above table on an accrual basis regardless of when billed.

(2) Total fees earned for special purpose attestation services.

(3) The aggregate fees incurred for professional services rendered for tax compliance, tax advice and tax planning, including the preparation of corporate tax returns and general tax advisory services.

(4) The aggregate fees incurred for products and services other than set out under the headings, "Audit Fees", "Audit Related Fees" and "Tax Fees".

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, except as set forth below:

(a) no director or executive officer of the Company (or a personal holding company of such person) is, as at the date of this AIF or was within the last 10 years, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued: (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer;

(b) no director or executive officer of the Company, or no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, (i) is, as at the date of this AIF or has been within the last 10 years, a director, trustee or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has in the last 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets; (iii) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (iv) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On January 27, 2009, BlackBerry Limited, formerly Research in Motion Limited ("**RIM**") and certain of its directors, officers and other named individuals, including Mr. Balsillie, entered into a settlement agreement with the OSC to resolve an OSC investigation relating to historical stock option granting practices as a result of which: (a) RIM agreed to engage an independent consultant to conduct a comprehensive examination of RIM's governance practices; (b) Mr. Balsillie agreed (i) not to act as a director of any Canadian reporting issuer until the later of twelve months from the date of the OSC settlement and RIM's public disclosure of the recommendations resulting from the independent governance review and its determination with respect to implementation of each such recommendation, which restriction ended in 2010; (ii) to contribute, along with two other officers, in aggregate, approximately C$83.1 million to RIM; and (iii) to pay a total of C$5.0 million to the OSC as an administrative penalty and C$700,000 towards the costs of the OSC's investigation; and (c) certain directors and officers, including Mr. Balsillie, were reprimanded by the OSC.

On February 17, 2009, RIM and certain of its officers, including Mr. Balsillie, entered into settlements with the U.S. Securities and Exchange Commission ("**SEC**") to resolve an SEC investigation of historical stock option granting practices as a result of which: (i) RIM and those officers, including Mr. Balsillie, consented to the entry of an order permanently enjoining them from violations of certain provisions of the U.S. federal securities laws, including the antifraud provisions; (ii) the individuals agreed to be liable for disgorgement of profits gained as a result of conduct alleged by the SEC, in the amount of $334,250 in the case of Mr. Balsillie, together with prejudgment interest, which amounts were deemed satisfied by the previous voluntary payment of those amounts to RIM; and (iii) the individuals agreed to the payment of civil penalties, in the amount of $350,000 in the case of Mr. Balsillie.

On July 13, 2018, two holding companies (directly or indirectly) controlled by John Risley, entered into a settlement agreement with the United States Securities and Exchange Commission with respect to a failure to timely file a report under the reporting provisions of Section 13(d) of the Securities Exchange Act of 1934. The settlement agreement included a cease and desist order and a fine of $92,383 for each entity.

On October 15, 2020, Loop Industries, Inc. ("**Loop**"), a company for which Andrew Lapham is a director, received a subpoena from the SEC requesting certain information from Loop, including information regarding testing, testing results and details of results from Loop's Gen I and Gen II technologies and certain of Loop's partnerships and agreements. Prior to its receipt, there had been no previous communication between Loop and the SEC on this issue. The SEC informed Loop that its investigation does not mean that the SEC has concluded that anyone has violated the law and that the investigation does not mean that the SEC has a negative opinion of Loop.

Conflicts of Interest

To the knowledge of MDA, there are no existing or potentially material conflicts of interest between MDA or a subsidiary of MDA and any director or officer of MDA or of a subsidiary of MDA, other than as described elsewhere in this AIF.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company believes that none of the litigation in which the Company is currently involved, or has been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below, to the knowledge of the Company, there are no material interests, direct or indirect, of any of the Company's directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of the Company's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

- On April 8, 2020, a consortium of investors led by NPC acquired MDA from Maxar. NPC is an associate of Andrew Lapham and John Risley.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is TSX Trust Company located at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

This AIF includes a summary description of certain of our material contracts. The summary describes the material attributes of each of the material contracts and is subject to, and qualified by reference to the terms of the relevant material contract, which have been filed with the Canadian securities regulatory authorities and made available under the Company's profile on SEDAR at www.sedar.com.

The following are the only material agreements of the Company entered into within the last financial year or which are still in effect, other than contracts entered into in the ordinary course of business:

- the underwriting agreement dated April 1, 2021, among the Company, BMO Nesbitt Burns Inc., Morgan Stanley Canada Limited, Scotia Capital Inc., Barclays Capital Canada Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., CIBC World Markets Inc., National Bank Financial Inc. and Stifel Nicolaus Canada Inc.;

- the credit agreement between Neptune Operations Ltd. and a syndicate of lenders effective April 8, 2020, as amended by a first amending agreement on June 17, 2020, and as further amended by a second amending agreement on May 28, 2021, is comprised of a revolving term credit facility in the aggregate amount of $450,000,000 (the "**Credit Agreement**"); and

- the note indenture between Neptune Operations Ltd. and Computershare Trust Company of Canada dated as of April 8, 2020, as amended by a first supplemental indenture dated as of June 17, 2020, which authorized the creation and issuance of $150,000,000 aggregate principal amount 10.00% second lien PIK toggle notes due on April 8, 2027 (the "**Note Indenture**").

EXPERTS

The Company's auditor, KPMG LLP, Chartered Accountants, located at 100 New Park Place, Suite 1400, Vaughan, ON, L4K 0J3 has audited the consolidated financial statements of the Company as at December 31, 2021 and for the year then ended. KPMG LLP has advised the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

To the knowledge of the Company, none of the experts so named (or any of the designated professionals thereof) held securities representing more than 1% of all issued and outstanding Common Shares as at the date of the statement, report or valuation in question.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found at SEDAR, which can be accessed at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the Company's information circular for its upcoming annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the financial year ending December 31, 2021.

GLOSSARY OF TERMS

"**AIF**" means this Annual Information Form.

"**Audit Committee**" means the Audit Committee of the Board.

"**Board**" or "**Board of Directors**" means the board of directors of MDA.

"**Common Shares**" means the common shares of the Company.

"**Company**" or "**MDA**" means MDA Ltd., its subsidiaries or its predecessors, as the context requires.

"**COVID-19**" means the novel coronavirus named COVID-19.

"**Credit Agreement**" has the meaning set out under the heading "Material Contracts".

"**CSA**" means the Canadian Space Agency.

"**EO**" means Earth observation.

"**Fiscal 2020**" means the 12 month period ended December 31, 2020.

"**Fiscal 2021**" means the 12 month period ending December 31, 2021.

"**forward-looking information**" has the meaning set out under the heading "Introduction – Forward-looking Information".

"**Gateway**" has the meaning set out under the heading "General Development of the Business – Three Year History".

"**GEO**" means geosynchronous equatorial orbit.

"**Globalstar**" means Globalstar Inc.

"**Human Resources, Development & Compensation Committee**" means the Human Resources, Development & Compensation Committee of the Board.

"**IoT**" has the meaning set out under the heading "Description of the Business – Industry".

"**ISS**" means International Space Station.

"**IPO**" has the meaning set out under the heading "General Development of the Business – Three Year History".

"**LEO**" means low Earth orbit.

"**LiDAR**" has the meaning set out under the heading "Description of the Business – Robotics & Space Operations".

"**Loop**" means Loop Industries, Inc.

"**Maxar**" means Maxar Technologies Inc.

"**MEO**" means medium Earth orbit.

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filing.*

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**Nominating & Governance Committee**" means the Nominating & Governance Committee of the Board.

"**Note Indenture**" has the meaning set out under the heading "Material Contracts".

"**NPC**" means Northern Private Capital Ltd.

"**NRT"** means Near-Real Time.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Omnibus Plan**" means the Company's omnibus equity incentive plan, pursuant to which the Company may grant long-term incentives consisting of stock options, performance share units and/or restricted share units to its executive officers and employees.

"**OSC**" means the Ontario Securities Commission.

"**R&D**" means research & development.

"**RIM**" means Research in Motion Limited.

"**SAR**" has the meaning set out under the heading "General Development of the Business – Three Year History".

"**SEC**" means the U.S. Securities and Exchange Commission.

"**TSX**" means the Toronto Stock Exchange.

"**UAV**" means unmanned aerial vehicle.

"**U.S.**" means the United States of America.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

This Charter of the Audit Committee (the "**Charter**") was adopted by the board of directors of the Corporation on January 1, 2022.

1. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of the Corporation. The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

The Committee should be comprised of a minimum of three directors of the Corporation.

All members of the Committee must (except to the extent permitted by NI 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**")) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries.

All members of the Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).

Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations made by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel and such other members of senior management of the Corporation as the Board may from time to time determine (collectively, the "**Executive Management Group**") as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by a member of the Executive Management Group or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee shall meet regularly, but not less frequently than quarterly. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Chief Financial Officer and the Director, Internal Audit are required to attend all meetings of the Committee.

The Committee may ask members of the Executive Management Group and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with the Executive Management Group, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with the Executive Management Group, the Director, Internal Audit, and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with the Executive Management Group quarterly in connection with the Corporation's interim financial statements. The Committee shall hold executive sessions without management present at each Committee meeting.

The Chair will determine any desired agenda items, in consultation with the members of the Committee, the Chief Financial Officer, and the Director, Internal Audit.

5. Committee Activities

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Financial Disclosure

(a) Review and recommend for Board approval the Corporation's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and, if applicable, the related management's discussion & analysis and press release.

(b) Review and recommend for Board approval the Corporation's annual financial statements, including, if applicable, any certification, report, opinion or review rendered by the external auditor, the annual information form and the related management's discussion & analysis and press release.

(c) Review and recommend for Board approval any other material press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires.

(d) Satisfy itself that adequate procedures have been put in place by the Executive Management Group for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related management's discussion & analysis.

(e) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(f) Receive periodically reports from the Executive Management Group assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

B. Internal Control and Oversight of the Corporation's Enterprise and Financial Risk Management

(a) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major enterprise and financial risk exposures and the guidelines, policies and practices regarding enterprise and financial risk assessment and management, including the Corporation's processes for identifying, assessing and managing an effective and comprehensive risk management framework that covers financial, operational, and strategic risks (including regarding those risks related to information security, cyber security and data protection), and crisis management and business continuity planning, and the steps taken by the Corporation to monitor and control such risk exposures.

(b) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding enterprise and financial risk assessment and management and the Corporation's progress in remedying any material deficiencies thereto.

(c) Review the effectiveness of the internal control systems for monitoring compliance with financial disclosure matters, enterprise and financial risk management, laws and regulations.

(d) Review with the Executive Management Group the credit worthiness, liquidity and important treasury matters including financial plans and strategies of the Corporation.

(e) Review the Corporation's tax strategy, including its tax planning and compliance with applicable tax laws.

(f) Review with the Executive Management Group any hedging strategy that may be in place from time to time, including with respect to foreign exchange and interest rate hedging, financial or physical, intended to manage, mitigate or eliminate risks relation to foreign exchange and interest rate fluctuations.

(g) Have the authority to communicate directly with the Chief Financial Officer.

(h) Receive periodical Executive Management Group reports assessing the adequacy and effectiveness of the Corporation's internal control systems.

(i) Assess the overall effectiveness of the internal control and enterprise risk management frameworks through discussions with the Executive Management Group, the Chief Financial Officer, the Director, Internal Audit and the external auditors and assess whether recommendations made by the Chief Financial Officer, the Director, Internal Audit or the external auditors have been implemented by the Executive Management Group.

(j) Review an annual report on the Executive Management Group's implementation and maintenance of an appropriate enterprise wide risk management process from the Director, Internal Audit.

(k) To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the Committee will:

(A) oversee the Executive Management Group's arrangements for the prevention and deterrence of fraud;

(B) ensure that appropriate action is taken against known perpetrators of fraud; and

(C) challenge the Executive Management Group and internal and external auditors to ensure that the Corporation has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

C. Relationship with the External Auditor

(a) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(b) Have the authority to communicate directly with the external auditor and the Chief Financial Officer of the Corporation and arrange for the external auditor to be available to the Committee and the Board as needed.

(c) Advise the external auditor that it is required to report to the Committee and not to the Executive Management Group.

(d) Monitor the relationship between the Executive Management Group and the external auditor, including reviewing any the Executive Management Group letters or other reports of the external auditor, discussing any material differences of opinion between the Executive Management Group and the external auditor and resolving disagreements between the external auditor and the Executive Management Group.

(e) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Corporation's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

(f) Review any material issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Corporation's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements.

(g) If considered appropriate, establish separate systems of reporting to the Committee by each of the Executive Management Group and the external auditor.

(h) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, the Executive Management Group, the external asset manager or employees that might interfere with the independence of the external auditor.

(i) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable laws) to be provided by the external auditor.

(j) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(k) Periodically consult with the external auditor without the Executive Management Group present about (i) any significant risks or exposures facing the Corporation, (ii) internal controls and other steps that the Executive Management Group has taken to control such risks, and (iii) the fullness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(l) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation.

D. Audit Process

(a) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(b) Following completion of the annual audit and quarterly reviews, review separately with each of the Executive Management Group and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(c) Review any significant disagreements among the Executive Management Group and the external auditor in connection with the preparation of the financial statements.

(d) Where there are significant unsettled issues between the Executive Management Group and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(e) Review with the external auditor and the Executive Management Group significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(f) If applicable, review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

(g) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.

E. Oversight of Internal Audit Activity

(a) Review and approve the annual internal audit plan, including the charter, staffing, scope and objectives of the internal audit activity, and receiving regular reports on the internal audit results and access to all internal audit reports, including the status of all findings.

(b) Annually review the budget of the internal audit activity and directing the Chief Financial Officer to make any changes necessary.

(c) Annually review the performance and independence of the internal audit activity and directing the Chief Financial Officer to make any changes necessary.

(d) Inquire of the Director, Internal Audit about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards).

(e) Review the results of an independent external quality assurance review, performed every five years by a qualified assessor or assessment team, of the internal audit activity's conformance with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) and monitor the implementation of the internal audit activity's action plans to address any recommendations.

F. Financial Reporting Processes

(a) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(b) Periodically consider the need for an internal audit function, if not present.

(c) Approve any changes to the internal auditor, if applicable, or to the reporting lines of the internal auditor.

(d) Review all material financial statement issues, off balance sheet issues, material contingent obligations and material related party transactions.

(e) Review with the Executive Management Group and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with the Executive Management Group, the ramification of their use and the external auditor's preferred treatment and any other material communications with the Executive Management Group with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

G. Pension/Retirement Plans

(a) Review and oversee the Corporation's pension plans, the coverage afforded by the plans and changes to the plans.

(b) Review the funding policies for the Corporation's defined benefit plans and where appropriate, recommend the Board's approval of these policies.

(c) Review the level of the Corporation's contributions to its defined contribution plans and any proposed changes thereto and where appropriate recommend approval of such changes to the Board.

(d) Monitor administration of each of the pension plans in accordance with the terms of the plans and applicable law.

(e) Review compliance with minimum funding requirements (if any) prescribed by applicable law and the policies and procedures in place in respect thereof, including requisitioning and reviewing actuarial reports.

(f) Review and monitor the investment of pension fund assets (in the case of a defined benefit plan), including the policies and procedures in place in respect thereof.

(g) Review and monitor the performance of the investment managers chosen by the Executive Management Group, including the process established for the selection, retention or replacement of any investment manager or advisors.

6. <u>General</u>

(a) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(b) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.

(c) Annually review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

(d) If applicable, review the public disclosure regarding the Committee required from time to time by NI 52-110.

(e) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(f) Review in advance, and consult in, the hiring and appointment of the Corporation's internal auditor, if applicable.

(g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

7. Complaint Procedures

(a) Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing, ethical or other matters.

(b) Complaints are to be directed to the attention of the Chair and the Chair will report to the Committee quarterly on any complaints received and their resolution.

(c) The Committee should endeavour to keep the identity of the complainant confidential.

(d) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.