



NEWS RELEASE

MDA REPORTS SECOND QUARTER 2021 RESULTS

- Q2 revenue increased 15.5% year-over-year to \$126.7 million; 3rd consecutive quarter of revenue growth
- Strong Q2 Adjusted EBITDA margin performance of 31.1%
- Q2 backlog steady at \$640.1 million with growth over December 31, 2020 of 13.7%
- Leveraged proceeds from \$460 million IPO to repay \$419 million term loan; ended the quarter with a strong financial position including minimal net debt of \$31 million and \$432 million of available liquidity
- In line with growth objectives the Company has hired more than 435 new employees since the beginning of the year

August 11, 2021 (Brampton, Ontario)

MDA Ltd. (TSX: MDA), a leading provider of advanced technology and services to the rapidly expanding global space industry, today announced its financial results for the three-month period ended June 30, 2021. All figures are in Canadian dollars unless otherwise stated.

“Driven by steady progress and momentum across the business, in the second quarter the Company delivered solid financial performance highlighted by double-digit revenue growth, gross margin improvements and robust Adjusted EBITDA margin performance of 31.1%,” said Mike Greenley, Chief Executive Officer, MDA. “With affordable and available financing in place to fund our strategic growth, a strong balance sheet and a healthy pipeline of existing and new opportunities, MDA is ideally positioned to capitalize on market growth.”

Q2 and Year-to-Date 2021 Financial Highlights:

Revenue

- Q2 total revenue was \$126.7 million, up 15.5% year-over-year (YoY). On a year-to-date (YTD) basis total revenue was \$250.1 million, up 17.5% compared to \$212.9 million a year ago.
- Q2 GeoIntelligence revenue was \$48.2 million, up 2.3% YoY. On a YTD basis, Geointelligence revenue was \$97.2 million, up 6.5% from a year ago, driven by increased sales of satellite imagery and analytics services.
- Q2 Robotics and Space Operations revenue was \$35.6 million up 10.6% year-over-year. On a YTD basis, Robotics and Space Operations revenue was \$69.9 million, up 19.9% compared from a year ago, largely driven by the Canadarm3 program.
- Q2 Satellite Systems revenue was \$42.9 million up 41.1% YoY. On a YTD basis, revenue was \$83 million, up 31.1% from a year ago, driven by increased volume.
- Backlog at June 30, 2021 increased 13.7% or \$77.6 million over December 31, 2020 to \$640.1 million.

Gross Margin and Operating Costs

- Q2 gross margin of \$44.6 million or 35.2% increased \$9.6 million over Q2 2020. On a YTD basis, gross margin was \$83 million compared to \$58.2 million over the same period in 2020 driven by volume increases across all three business areas and improved program performance. YTD GM% improved from 27.3% to 33.2%.
- Q2 operating expenses were \$33.5 million compared to \$31.3 million in Q2 2020. On a YTD basis operating expenses were \$67.1 million compared to \$48.6 million for the same period last year. Increases were primarily driven by the additional quarter of amortization of intangible assets, resulting from the April 2020 acquisition of MDA by Northern Private Capital and increased share-based compensation expenses following the introduction of a new stock option plan with commencement of grants awarded in Q4 2020.

Net Income and Adjusted EBITDA

- Net loss for Q2 2021 was \$.1 million, an improvement of \$9.0 million from a net loss in Q2 2020 of \$9.1 million. On a YTD basis 2021 net income has improved from a net loss of \$21.7 million in the prior year to a net loss of \$1.7 million. This improvement YTD is driven primarily by incremental gross profit related to increases in volume and improved program performance.
- Adjusted EBITDA in Q2 was \$39.4 million, \$5.2 million lower than prior year reflecting strong improvement in year over year operating income, offset by a reduction in income from the Canada Emergency Wage Subsidy program (CEWS). In the current quarter MDA recognized \$4.8 million income from CEWS, as compared to \$22.1 million in Q2 prior year, a \$17.3 million reduction. On a YTD basis, Adjusted EBITDA was \$78.5 million up from \$61.8 million YoY.

Refinancing

- The Company used a portion of the net proceeds from the previously announced initial public offering and over-allotment option of common shares to repay \$419 million that was previously outstanding under the Term Loan facility.
- The Company also converted its \$80 million Revolving Credit Facility and its \$435 million Term Loan Facility to a \$450 million revolving credit facility. The undrawn revolving credit facility preserves sufficient liquidity to fund future growth, provides maximum borrowing flexibility and offers more favourable pricing.

Customer and Business Highlights:

- In Q2, MDA continued to expand its Geointelligence business with additional contracts for Earth observation imagery and analytic services, geospatial solutions, and defence information solutions from several existing customers including the Canadian Space Agency and the National Oceanic and Atmospheric Administration, among others. In July, MDA and its Geointelligence customer Asia Pulp & Paper (APP) Sinar Mas received a Project of the Year award and Judges Choice award from Environment + Energy Leader magazine for their innovative use of satellite imagery to monitor APP's protected forest areas. The solution uses MDA's Forest Alert Service (FAS) to track subtle forest disturbances allowing APP to monitor and react to change resulting from natural causes, illegal logging or encroachment.

- Post quarter end, in July, MDA Robotics and Space Operations was awarded a \$35.3 million contract from the Canadian Space Agency for the design of the Gateway External Robotics Interfaces (GERI), a key component of the multi-year, multi-phase Canadarm3 program which will be installed on the international Lunar Gateway. Earlier this year, MDA completed Phase A, the system definition phase of this GERI project. The new contract award covers preliminary and detailed design of the robotic interfaces (Phases B and C). In the quarter, Robotics and Space Operations also received a contract for an early stage study from the European Space Agency which is developing a comprehensive satellite communications system to provide coverage for the entire Lunar ecosystem as part of their Moonlight programme. Once completed, the Moonlight system will provide communication connectivity between the Artemis Lunar Space Station, Earth and the Lunar surface. It will also connect a data relay satellite orbiting the Moon with Artemis, the Lunar surface and potentially extend to Earth.
- In Q2, Satellite Systems secured a series of new subcontracts including signing significant contracts with Airbus to provide antenna subsystems on Airbus' OneSat digital software-defined satellite product line, and a contract with L3Harris Technologies and Lockheed Martin for the provision of LEO Antenna products for Space Development Agency's Wide Field of View Tracking Tranche 0. Satellite Systems was also awarded a contract to design and build the X-Band Antenna for the Space Weather Follow On-Lagrange 1 – also known as the SWFO-L1 program. The SWFO-L1 spacecraft by NASA's Goddard Space Flight Center is an operational mission for the National Oceanic and Atmospheric Administration's Space Weather Prediction Center that will collect solar wind data and coronal imagery to meet operational requirements to monitor and forecast solar storm activity.
- In line with the Company's strategic growth objectives, in June MDA hosted its largest ever career fair, attracting more than 800 attendees to a successful virtual recruiting event. Since the beginning of the year, the Company has hired more than 435 new employees.

Conference Call and Webcast

MDA Ltd. will host a conference call Wednesday, **August 11th at 6:00pm EST** to discuss its Q2 2021 financial results. The call and webcast are accessible as follows:

Local or International: +1 (416) 764-8609

Toll-free North America: +1 (888) 390-0605

Toll-free International: 08006522435

Conference ID: 77197556

Webcast:

https://produceredition.webcasts.com/starthere.jsp?ei=1481095&tp_key=b6f255eafb

The conference call replay will be available after the call until September 11, 2021 and accessible as follows:

Local or International: +1 (416) 764-8677

Toll-free North America: +1 (888) 390-0541

Passcode: 197556#

NON-IFRS FINANCIAL MEASURES

(1) EBITDA and Adjusted EBITDA

We define EBITDA as net income (loss) before: i) depreciation of property, plant and equipment and amortization of intangible assets, ii) provision for (recovery of) income taxes, and iii) interest expense and financing costs. Adjusted EBITDA is a supplemental measure used by management and other users of our financial statements including our lenders and the investors, to assess the financial performance of our business without regard to financing methods or capital structure.

Adjusted EBITDA is calculated by adding and deducting, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including i) unrealized foreign exchange loss on foreign currency forward contracts ii) unrealized loss on embedded derivatives iii) restructuring costs iv) impairment of investments, and vi) share based compensation.

Adjusted EBITDA as a percentage of revenue represents Adjusted EBITDA divided by revenue.

(2) Backlog

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

ABOUT MDA

Serving the world from its Canadian home and global offices, MDA is an international space mission partner and a robotics, satellite systems and geointelligence pioneer with a 50-year story of firsts on and above the Earth. With over 2,000 employees across Canada, the US and the UK, MDA is leading the charge towards viable Moon colonies, enhanced Earth observation, communication in a hyper-connected world, and more. With a track record of making space ambitions come true, MDA enables highly skilled people to continually push boundaries, tackle big challenges, and imagine solutions that inspire and endure to change the world for the better, on the ground and in the stars.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to the factors discussed under "Risk Factors" in the final long form prospectus of the Company dated April 1, 2021. MDA does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

LINKS

www.mda.space

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

SOCIAL MEDIA

Twitter: www.twitter.com/MDA_space

Facebook: www.facebook.com/MDAspace

LinkedIn: www.linkedin.com/company/mdaspace

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

Instagram: www.instagram.com/MDA_space

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FINANCIAL HIGHLIGHTS

RECONCILIATION OF NON-IFRS MEASURES

The following table provides a reconciliation of net income (loss) to EBITDA⁽¹⁾ and Adjusted EBITDA⁽¹⁾:

<i>(in millions of Canadian dollars)</i>	Three months ended June 30, 2021	Six months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2020
Net loss	\$ (0.1)	\$ (1.7)	\$ (9.1)	\$ (21.7)
Depreciation and amortization	5.7	11.6	4.3	10.8
Amortization of intangible assets	14.8	28.4	13.5	13.8
Income tax expense (recovery)	2.8	4.0	13.2	9.5
Finance costs	13.9	24.3	7.5	9.8
EBITDA ⁽¹⁾	\$ 37.1	\$ 66.6	\$ 29.4	\$ 22.2
Unrealized foreign exchange loss	1.3	5.3	(4.4)	2.2
Unrealized loss on embedded derivatives	(1.8)	0.2	(0.8)	(0.8)
Restructuring costs	(0.9)	(0.9)	2.6	3.0
Acquisition costs	-	-	12.3	12.3
Loss related to Jupiter 3	-	-	5.5	5.5
Impairment	-	-	-	16.4
Share based compensation	3.7	7.3	-	1.0
Adjusted EBITDA ⁽¹⁾	\$ 39.4	\$ 78.5	\$ 44.6	\$ 61.8
Adjusted EBITDA ⁽¹⁾ margin	31.1%	31.4%	40.7%	29.0%

⁽¹⁾ As defined above in "Non-IFRS Financial Measures"

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Operations and Comprehensive Income (Loss)
 For the three and six months ended June 30, 2021
 (In millions of Canadian dollars except per share figures)

	Three months ended June 30, 2021	Six months ended June 30, 2021	Period from April 8, 2020 to June 30, 2020
Revenue	\$ 126.7	\$ 250.1	\$ 97.0
Cost of revenue			
Materials, labour and subcontractors	(76.4)	(155.5)	(62.9)
Depreciation and amortization of assets	(5.7)	(11.6)	(4.1)
Gross profit	44.6	83.0	30.0
Operating expenses			
Selling, general and administration	(12.0)	(26.1)	(15.6)
Research and development, net	(3.0)	(5.3)	(0.6)
Amortization of intangible assets	(14.8)	(28.4)	(13.5)
Share-based compensation	(3.7)	(7.3)	-
Operating income	11.1	15.9	0.3
Other income (expenses)			
Government grant income	4.8	14.9	22.1
Unrealized gain (loss) on embedded derivative asset	1.8	(0.2)	0.8
Foreign exchange gain (loss)	(2.0)	(4.9)	0.5
Finance costs	(13.9)	(24.3)	(7.8)
Other	0.9	0.9	(14.9)
Income before income taxes	2.7	2.3	1.0
Income tax expense	(2.8)	(4.0)	(3.8)
Net loss	(0.1)	(1.7)	(2.8)
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations	4.3	1.0	2.3
Remeasurement gain on defined benefit plans	-	-	(11.5)
Total comprehensive income (loss)	\$ 4.2	\$ (0.7)	\$ (12.0)
Loss per share:			
Basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.03)
Weighted-average common shares outstanding:			
Basic	116,195,542	99,756,562	80,620,159
Diluted	125,892,371	106,896,456	80,620,159

MDA Ltd.Unaudited Interim Condensed Consolidated Statement of Financial Position
(In millions of Canadian dollars)

As at	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and equivalents	\$ 118.9	\$ 78.6
Trade and other receivables	171.3	158.0
Inventories	6.2	6.5
Income taxes receivable	71.9	72.4
Other current assets	13.4	12.2
	381.7	327.7
Non-current assets:		
Property, plant and equipment	70.0	69.3
Right-of-use assets	17.1	22.0
Intangible assets	578.6	589.0
Goodwill	419.9	419.9
Deferred income tax assets	19.9	11.2
Other non-current assets	24.5	16.1
Total assets	\$ 1,511.7	\$ 1,455.2
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 72.4	\$ 65.7
Income taxes payable	17.5	22.7
Contract liabilities	82.0	73.3
Provisions	5.0	17.8
Current portion of net employee benefit payable	34.5	32.0
Current portion of lease liabilities	7.6	7.8
Current portion of long-term debt	-	22.0
Other current liabilities	0.7	1.1
	219.7	242.4
Non-current liabilities:		
Provisions	1.4	1.4
Net employee defined benefit payable	45.1	43.6
Lease liabilities	9.6	12.7
Long-term debt	144.5	537.7
Deferred income tax liabilities	157.1	158.7
Other non-current liabilities	1.6	1.3
Total liabilities	579.0	997.8
Shareholders' equity		
Common shares	950.7	480.4
Contributed surplus	10.6	4.9
Accumulated other comprehensive loss	(9.6)	(10.6)
Deficit	(19.0)	(17.3)
Total equity	932.7	457.4
Total liabilities and equity	\$ 1,511.7	\$ 1,455.2

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2021

(In millions of Canadian dollars)

	Common shares		Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number	Amount				
As at January 1, 2021	80,735,983	\$ 480.4	\$ 4.9	\$ (10.6)	\$ (17.3)	\$ 457.4
Share capital issued	37,955,641	470.3	-	-	-	470.3
Net loss	-	-	-	-	(1.7)	(1.7)
Other comprehensive income	-	-	-	1.0	-	1.0
Share-based compensation, net	-	-	5.7	-	-	5.7
As at June 30, 2021	118,691,624	\$ 950.7	\$ 10.6	\$ (9.6)	\$ (19.0)	\$ 932.7
As at April 8, 2020	80,620,000	\$ 479.7	\$ -	\$ -	\$ -	\$ 479.7
Share capital issued	13,343	0.1	-	-	-	0.1
Net loss	-	-	-	-	(2.8)	(2.8)
Other comprehensive loss	-	-	-	(9.2)	-	(9.2)
As at June 30, 2020	80,633,343	\$ 479.8	\$ -	\$ (9.2)	\$ (2.8)	\$ 467.8

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three and six months ended June 30, 2021

(In millions of Canadian dollars)

	Three months ended June 30, 2021	Six months ended June 30, 2021	Period from April 8, 2020 to June 30, 2020
Cash flows from operating activities			
Income before income taxes	\$ 2.7	\$ 2.3	\$ 1.0
Adjustments to reconcile income before income taxes to net cash from operating activities:			
Depreciation of property, plant and equipment	1.5	3.8	0.2
Depreciation of right-of-use assets	3.1	5.7	1.8
Amortization of intangible assets	15.9	30.5	15.7
Share-based compensation expense	3.7	7.3	-
Investment tax credits accrued during the period	(6.8)	(9.2)	(5.1)
Finance Costs	13.9	24.3	(1.3)
Unrealized loss (gain) on embedded derivative asset	(1.8)	0.2	(0.8)
Changes in operating assets and liabilities			
Trade and other receivables	16.2	(13.0)	(20.2)
Inventories	0.1	0.3	(0.5)
Other assets	(1.2)	(4.3)	2.2
Trade and other payables	(2.2)	0.6	(21.1)
Contract liabilities	(2.1)	8.7	7.9
Employee benefits	(2.1)	3.4	1.3
Provisions	(4.0)	(12.8)	0.4
Other liabilities	0.5	0.2	(2.9)
	37.4	48.0	(21.4)
Interest paid	(2.0)	(14.4)	(6.0)
Income tax received (paid)	(2.0)	(0.1)	1.3
Net cash from (used in) operating activities	33.4	33.5	(26.1)
Cash flows from investing activities			
Purchases of property and equipment	(3.0)	(4.5)	(0.9)
Purchase/development of intangible assets	(14.2)	(22.8)	(2.7)
Acquisitions, net of cash acquired	-	-	(996.0)
Net cash used in investing activities	(17.2)	(27.3)	(999.6)
Cash flows from financing activities			
Repayments of long-term debt	(418.7)	(424.1)	-
Payment of lease liability (principal portion)	(2.0)	(3.8)	(1.9)
Proceeds from issuance of shares, net of costs	432.6	462.6	480.4
Proceeds from long-term debt, net of issuance costs	-	-	569.6
Payment of share based compensation	(1.6)	(1.6)	-
Net cash provided by financing activities	10.3	33.1	1,048.1
Net increase in cash and cash equivalents	26.5	39.3	22.4
Net foreign exchange difference	1.5	1.0	(0.2)
Cash and cash equivalents, beginning of period	90.9	78.6	-
Cash and cash equivalents, end of period	\$ 118.9	\$ 118.9	\$ 22.2

CALENDAR Q2 2020 CONSTRUCTION

The Company has presented below a construction of the figures used in this document that are for the three months ended June 30, 2020. To obtain these figures, management used the Predecessor Annual Financial Statements as a starting point, and then added the activity recorded between April 8, 2020 to June 30, 2020 in order to arrive at the figures below.

Selected financial information

<i>(in millions of Canadian dollars)</i>	January 1 – April 7, 2020	April 1 – April 7, 2020	April 8 – June 30, 2020	April 1 – June 30, 2020	January 1 – June 30, 2020
Revenues	\$ 115.9	\$ 12.7	\$ 97.0	\$ 109.7	\$ 212.9
Gross profit	\$ 27.9	\$ 4.7	\$ 30.0	\$ 35.0	\$ 58.2
Gross profit percentage	24.1%		30.9%	31.9%	27.3%
EBITDA ⁽¹⁾	\$ (4.2)	\$ 3.0	\$ 26.4	\$ 29.4	\$ 22.2
Adjusted EBITDA ⁽¹⁾	\$ 18.7	\$ 1.6	\$ 43.1	\$ 44.6	\$ 61.8
Adjusted EBITDA ⁽¹⁾ margin	16.1%		44.4%	40.7	29.0%
Revenues by Business Area:					
Geointelligence	\$ 49.8	\$ 5.6	\$ 41.5	\$ 47.1	\$ 91.3
Robotics & Space Operations	30.0	3.9	28.3	32.2	58.3
Satellite Systems	36.1	3.2	27.2	30.4	63.3
Consolidated revenues	\$ 115.9	\$ 12.7	\$ 97.0	\$ 109.7	\$ 212.9

Results of operations

<i>(in millions of Canadian dollars)</i>	January 1 – April 7, 2020	April 1 – April 7, 2020	April 8 – June 30, 2020	April 1 – June 30, 2020	January 1 – June 30, 2020
Revenues	\$ 115.9	\$ 12.7	\$ 97.0	\$ 109.7	\$ 212.9
Direct materials, labour and others	81.0	7.5	62.9	70.4	143.9
Depreciation and amortization	7.0	0.5	4.1	4.3	10.8
Gross profit	\$ 27.9	\$ 4.7	\$ 30.0	\$ 35.0	\$ 58.2
Operating expenses:					
Selling, general & administration	\$ 16.2	1.5	\$ 15.6	\$ 17.1	\$ 31.8
Research & development	1.4	0.1	0.6	0.7	2.0
Amortization of intangible assets			13.5	13.5	13.8
Share based compensation	1.0	-	-	-	1.0
Total operating expenses	\$ 18.6	1.6	\$ 29.7	\$ 31.3	\$ 48.6
Operating income (loss)	9.3	3.1	0.3	3.7	9.6

<i>(in millions of Canadian dollars)</i>	January 1 – April 7, 2020	April 1 – April 7, 2020	April 8 – June 30, 2020	April 1 – June 30, 2020	January 1 – June 30, 2020
Other expense (income), net	20.5	0.6	(8.5)	(7.9)	12.0
Finance costs	2.0	(0.3)	7.8	7.5	9.8
Income (loss) before income taxes	(13.2)	2.8	1.0	4.1	(12.2)
Income tax expense (recovery)	5.7	9.4	3.8	13.2	9.5
Net income (loss)	\$ (18.9)	\$ (6.6)	\$ (2.8)	\$ (9.1)	\$ (21.7)