



NEWS RELEASE

MDA REPORTS THIRD QUARTER 2021 RESULTS

- Backlog grows to \$829 million, up 30% from Q2
- Q3 revenue up 13% YoY to \$111.3 million
- Strong Q3 financial performance with 35% gross profit
- Adjusted EBITDA solid at 20% (excluding CEWS)

November 12, 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 September 30, 2021. All figures are in Canadian dollars unless otherwise stated.

“In the third quarter MDA delivered another strong performance highlighted by solid adjusted EBITDA, growth in backlog and double-digit revenue expansion on a year-over-year basis,” said Mike Greenley, Chief Executive Officer, MDA. “Operationally, the company continued to execute with significant progress and developments on all three of our flagship programs. With solid financials, operational momentum and growing backlog and demand in Q4 and heading into 2022, we remain focused on delivering long-term growth and shareholder value.”

Q3 and Year-to-Date 2021 Financial Highlights:

	September 30, 2021	December 31, 2020
Backlog	\$ 828.9	\$ 562.5

	Change from 2020					
	2021		Q3		YTD	
<i>(in millions of Canadian dollars)</i>	Q3	YTD	\$	%	\$	%
Revenue						
Geointelligence	\$ 40.7	\$ 137.9	(4.9)	(11%)	1.0	1%
Robotics & Space Operations	33.1	103.0	1.9	6%	13.4	15%
Satellite Systems	37.5	120.5	15.9	74%	35.7	42%
Total Revenue	\$ 111.3	\$ 361.4	12.9	13%	50.1	16%
Gross Profit %	35%	34%		434bps		533bps
Operating Costs	\$ 38.8	\$ 105.9	6.3	19%	24.8	31%
Net Income	\$ 4.0	\$ 2.3	5.9	n/m	25.9	n/m
Adjusted EBITDA (excl. CEWS)	20%	24%		(390bps)		351bps

n/m: not meaningful

- Backlog continues to build this year as we obtain incremental awards across our business.
- Revenue growth on a YTD basis is primarily driven by increased volume in Satellite Systems and the ramp up of the Canadarm3 program.
- Q3 and YTD gross profit improvement is driven by increased profitable volume and improved program performance.
- Increases in operating expenses 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.
- The YTD improvement in Net Income and Adjusted EBITDA excluding CEWS is reflective of our stronger operating performance.

Q3 Customer and Business Highlights:

- In Q3 MDA, continued to make significant progress on all three of our flagship programs:
 - On Canadarm3, MDA was awarded a \$35.3 million contract from the Canadian Space Agency (CSA) for the design of the Gateway External Robotics Interfaces (GERI), a key component of the Canadarm3 which will be installed on the international Lunar Gateway. The new contract is the third awarded to MDA in conjunction with its Canadarm3 program.
 - On Telesat Lightspeed, a series of significant funding announcements including a \$1.44 billion investment from the Government of Canada and \$109 million partnership from the Province of Ontario substantially advanced the program. MDA continued to advance risk reduction activities under our existing Telesat Lightspeed contract.
 - On CSC, work on the requirements analysis phase of the program continued to advance and the team is finalizing a number of the Electronic Warfare suite sensor contracts. The program represents over \$1.5 billion of potential revenue for the Company over the life of the contract.
- MDA Geointelligence released first details of our next industry leading Earth observation (EO) mission. Leveraging legendary RADARSAT heritage, the new system will include a large C-band Synthetic Aperture Radar (SAR) satellite operating in a mid-inclination orbit. Capable of covering a 700 km swath in a single pass, the new system will provide the broadest area coverage on the market, changing how, when and what can be seen.
- MDA Robotics and Space Operations announced a series of new contracts reflecting rapid global market growth driven by near-term space exploration missions.
 - MDA has been awarded the full contract from MELCO (Mitsubishi Electric Corporation) in Japan to provide a Laser Rangefinder (LRF) altimeter for the JAXA (Japan Aerospace Exploration Agency) MMX (Martian Moons eXploration) mission. MDA will be providing two redundant flight units (laser range finder - LRF) altimeters and one engineering development unit (EDU) LRF altimeter.
 - MDA has signed an 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 soft landing US mission to the Moon scheduled for early 2022. MDA landing sensors will also support the mining mission to the South pole of the Moon in late 2022.

- In line with the Company's strategic growth objectives, MDA continues to attract and recruit top talent to help drive our future growth. Since the beginning of the year, the Company has hired more than 600 new employees.

2022 Financial Outlook

While initial contract awards for our flagship programs provide high visibility into MDA's long term future growth pipeline, shifts in the timing of contract awards on complex multi-year task-based technology development programs are common. We continually monitor backlog and contract award timing and assess their impact on financial projections. Timing shifts, including the Lightspeed program delay announced on November 5, 2021 in conjunction with Telesat's most recent financial results, do not affect the lifetime value of our flagships programs, estimated cumulatively to be \$3.5 billion, however they do impact MDA's near-term flagship revenue profile. That impact is mitigated by the diversified nature of MDA revenue which is well balanced between flagship and non-flagship programs. In addition, we are well positioned to capitalize on a near term new opportunity in the rapidly growing satellite systems market.

As a consequence of the preceding, we are expecting our 2022 revenue to be \$750 – \$800 million, representing robust year-over-year growth of approximately 50 – 60%. Correspondingly our 2022 Adjusted EBITDA target is revised to \$140 – \$160 million.

Conference Call and Webcast

MDA Ltd. will host a conference call **Friday, November 12th at 8:30 am EST** to discuss its Q3 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: 73714058

Webcast:

https://produceredition.webcasts.com/starthere.jsp?ei=1509728&tp_key=944dd67bbe

The conference call replay will be available after the call until November 19, 2021 and accessible as follows:

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

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

Passcode: 714058#

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

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 or loss to EBITDA⁽¹⁾ and Adjusted EBITDA⁽¹⁾:

<i>(in millions of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net loss (income)	\$ 4.0	\$ (1.9)	\$ 2.3	\$ (23.6)
Depreciation and amortization	5.8	6.9	17.4	17.7
Amortization of intangible assets	13.9	14.7	42.3	28.5
Income tax expense (recovery)	4.4	(0.7)	8.4	8.8
Finance costs	5.7	12.9	30.0	22.7
EBITDA ⁽¹⁾	\$ 33.8	\$ 31.9	\$ 100.4	\$ 54.1
Unrealized foreign exchange loss (gain)	(2.8)	(0.5)	2.5	1.5
Unrealized loss (gain) on embedded derivatives	(1.5)	(2.3)	(1.3)	(3.1)
Restructuring costs	—	1.2	(0.9)	4.2
Acquisition costs	—	—	—	12.3
Loss related to Jupiter 3	—	4.8	—	10.3
Impairment	—	—	—	16.4
Share based compensation	2.3	—	9.6	1.0
Adjusted EBITDA ⁽¹⁾	\$ 31.8	\$ 35.1	\$ 110.3	\$ 96.7
Adjusted EBITDA margin ⁽¹⁾	29%	36%	31%	31%

⁽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 nine months ended September 30, 2021
 (In millions of Canadian dollars except per share figures)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	April 8, 2020 to September 30, 2020
Revenue	\$ 111.3	\$ 98.4	\$ 361.4	\$ 195.4
Cost of revenue				
Materials, labour and subcontractors	(66.1)	(61.0)	(221.6)	(123.9)
Depreciation and amortization of assets	(5.8)	(6.9)	(17.4)	(11.0)
Gross profit	39.4	30.5	122.4	60.5
Operating expenses				
Selling, general and administration	(15.1)	(15.2)	(41.2)	(30.8)
Research and development, net	(7.5)	(2.6)	(12.8)	(3.2)
Amortization of intangible assets	(13.9)	(14.7)	(42.3)	(28.2)
Share-based compensation	(2.3)	—	(9.6)	—
Operating income (loss)	0.6	(2.0)	16.5	(1.7)
Other income (expenses)				
Government grant income	9.1	11.1	24.0	33.2
Unrealized gain on financial instruments	1.5	2.3	1.3	3.1
Foreign exchange gain (loss)	2.9	0.1	(2.0)	0.6
Finance costs	(5.7)	(12.9)	(30.0)	(20.7)
Other	—	(1.2)	0.9	(16.1)
Income (loss) before income taxes	8.4	(2.6)	10.7	(1.6)
Income tax recovery (expense)	(4.4)	0.7	(8.4)	(3.1)
Net income (loss)	4.0	(1.9)	2.3	(4.7)
Other comprehensive income (loss)				
Gain (loss) on translation of foreign operations	0.1	(2.1)	1.1	0.2
Remeasurement gain on defined benefit plans	—	—	—	(11.5)
Total comprehensive income (loss)	4.1	(4.0)	\$ 3.4	\$ (16.0)
Earnings (loss) per share:				
Basic	\$ 0.03	\$ (0.02)	\$ 0.02	\$ (0.06)
Diluted	0.03	(0.02)	0.02	(0.06)
Weighted-average common shares outstanding:				
Basic	118,691,624	80,634,307	106,137,609	80,627,554
Diluted	128,492,429	80,634,307	113,578,887	80,627,554

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

As at	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and equivalents	\$ 88.0	\$ 78.6
Trade and other receivables	196.3	158.0
Inventories	8.2	6.5
Income taxes receivable	58.0	72.4
Other current assets	21.4	12.2
	371.9	327.7
Non-current assets:		
Property, plant and equipment	91.6	69.3
Right-of-use assets	14.9	22.0
Intangible assets	572.3	589.0
Goodwill	419.9	419.9
Deferred income tax assets	19.3	11.2
Other non-current assets	15.0	16.1
Total assets	\$ 1,504.9	\$ 1,455.2
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 75.8	\$ 65.7
Income taxes payable	17.4	22.7
Contract liabilities	84.7	73.3
Provisions	4.0	17.8
Current portion of net employee benefit payable	32.7	32.0
Current portion of lease liabilities	7.4	7.8
Current portion of long-term debt	—	22.0
Other current liabilities	1.2	1.1
	223.2	242.4
Non-current liabilities:		
Net employee defined benefit payable	45.9	43.6
Lease liabilities	7.9	12.7
Long-term debt	144.8	537.7
Deferred income tax liabilities	141.6	158.7
Other non-current liabilities	2.4	2.7
Total liabilities	565.8	997.8
Shareholders' equity		
Common shares	950.7	480.4
Contributed surplus	12.9	4.9
Accumulated other comprehensive loss	(9.5)	(10.6)
Deficit	(15.0)	(17.3)
Total equity	939.1	457.4
Total liabilities and equity	\$ 1,504.9	\$ 1,455.2

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

For the nine months ended September 30, 2021

(In millions of Canadian dollars)

		Common shares		Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	Note	Number ¹	Amount				
As at January 1, 2021		80,735,983	\$ 480.4	\$ 4.9	\$ (10.6)	\$ (17.3)	\$ 457.4
Share capital issued	15	37,955,641	470.3	—	—	—	470.3
Net income		—	—	—	—	2.3	2.3
Other comprehensive income		—	—	—	1.1	—	1.1
Share-based compensation	13	—	—	8.0	—	—	8.0
As at September 30, 2021		118,691,624	\$ 950.7	\$ 12.9	\$ (9.5)	\$ (15.0)	\$ 939.1
As at April 8, 2020		80,620,000	\$ 479.7	\$ —	\$ —	\$ —	\$ 479.7
Share capital issued		101,999	0.6	—	—	—	0.6
Net loss		—	—	—	—	(4.7)	(4.7)
Other comprehensive loss		—	—	—	(11.3)	—	(11.3)
As at September 30, 2020		80,721,999	\$ 480.3	\$ —	\$ (11.3)	\$ (4.7)	\$ 464.3

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three and nine months ended September 30, 2021

(In millions of Canadian dollars)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	April 8, 2020 to September 30, 2021
Cash flows from operating activities				
Income before income taxes	\$ 8.4	\$ (2.6)	\$ 10.7	\$ (1.6)
Adjustments:				
Depreciation of property, plant and equipment	2.3	1.6	6.1	1.8
Depreciation of right-of-use assets	2.2	3.0	7.9	4.8
Amortization of intangible assets	15.2	17.0	45.7	32.7
Share-based compensation expense	2.3	—	9.6	—
Investment tax credits accrued during the period	(4.1)	(4.1)	(13.3)	(9.2)
Finance Costs	5.7	12.9	30.0	11.6
Unrealized gain on financial instruments	(1.5)	(2.3)	(1.3)	(3.1)
Changes in operating assets and liabilities				
Trade and other receivables	(25.0)	52.3	(38.0)	32.1
Inventories	(2.0)	(0.6)	(1.7)	(1.1)
Other assets	(4.4)	(1.6)	(8.7)	0.6
Trade and other payables	1.0	(4.1)	1.6	(25.2)
Contract liabilities	2.7	3.2	11.4	11.1
Employee benefits	(1.2)	0.8	2.2	2.1
Provisions	(1.0)	(1.3)	(13.8)	(0.9)
Other liabilities	(0.4)	(1.8)	(0.2)	(4.7)
	0.2	72.4	48.2	51.0
Interest paid	(1.1)	(5.1)	(15.5)	(11.1)
Income tax received (paid)	0.4	(0.7)	0.3	0.6
Net cash from (used in) operating activities	(0.5)	66.6	33.0	40.5
Cash flows from investing activities				
Purchases of property and equipment	(25.7)	(0.9)	(30.2)	(1.8)
Purchase/development of intangible assets	(4.6)	(2.2)	(27.4)	(4.9)
Proceeds from sale of intangible assets	2.0	—	2.0	—
Acquisitions, net of cash acquired	—	—	—	(996.0)
Net cash used in investing activities	(28.3)	(3.1)	(55.6)	(1,002.7)
Cash flows from financing activities				
Repayments of long-term debt	—	(5.4)	(424.1)	(5.4)
Payment of lease liability (principal portion)	(2.2)	(1.9)	(6.0)	(3.8)
Proceeds from issuance of shares, net of costs	—	—	462.6	480.4
Proceeds from long-term debt, net of issuance costs	—	—	—	569.6
Payment of share-based compensation	—	—	(1.6)	—
Net cash provided by financing activities	(2.2)	(7.3)	30.9	1,040.8
Net increase in cash and cash equivalents	(31.0)	56.2	8.3	78.6
Net foreign exchange difference	0.1	(2.1)	1.1	(2.3)
Cash and cash equivalents, beginning of period	118.9	22.2	78.6	—
Cash and cash equivalents, end of period	\$ 88.0	\$ 76.3	\$ 88.0	\$ 76.3

CALENDAR Q3 2020 CONSTRUCTION

The Company has presented below a construction of the figures used in this document that are for the three months ended September 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 September 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 8 – September 30, 2020	January 1 – September 30, 2020
Revenues	\$ 115.9	\$ 195.4	\$ 311.3
Gross profit	\$ 27.9	\$ 60.5	\$ 88.7
Gross profit percentage	24%	31%	28%
EBITDA ⁽¹⁾	\$ (4.2)	\$ 58.3	\$ 54.1
Adjusted EBITDA ⁽¹⁾	\$ 18.7	\$ 75.0	\$ 93.7
Adjusted EBITDA margin ⁽¹⁾	16%	38%	30%
Revenues by Business Area:			
Geointelligence	\$ 49.8	\$ 87.1	\$ 136.9
Robotics & Space Operations	30.0	57.4	87.4
Satellite Systems	36.1	50.9	87.0
Consolidated revenues	\$ 115.9	\$ 195.4	\$ 311.3

Results of operations

<i>(in millions of Canadian dollars)</i>	January 1 – April 7, 2020	April 8 – September 30, 2020	January 1 – September 30, 2020
Revenues	\$ 115.9	\$ 195.4	\$ 311.3
Direct materials, labour and others	81.0	123.9	204.9
Depreciation and amortization	7.0	11.0	17.7
Gross profit	\$ 27.9	\$ 60.5	\$ 88.7
Operating expenses:			
Selling, general & administration	\$ 16.2	\$ 30.8	\$ 47.0
Research & development	1.4	3.2	4.6
Amortization of intangible assets	—	28.2	28.5
Share based compensation	1.0	—	1.0
Total operating expenses	\$ 18.6	\$ 62.2	\$ 81.1
Operating income (loss)	9.3	(1.7)	7.6

<i>(in millions of Canadian dollars)</i>	January 1 – April 7, 2020	April 8 – September 30, 2020	January 1 – September 30, 2020
Other expense (income), net	20.5	(20.8)	(0.3)
Finance costs	2.0	20.7	22.7
Income (loss) before income taxes	(13.2)	(1.6)	(14.8)
Income tax expense (recovery)	5.7	3.1	8.8
Net income (loss)	\$ (18.9)	\$ (4.7)	\$ (23.6)