MDA LTD.

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the three and nine months ended September 30, 2021 and 2020

*Reference to the "Company," "our", "us" or "we" refer to MDA Ltd. ("**MDA**") together with its subsidiaries and the predecessor MDA Canada, comprising of the Canadian, U.K. and certain U.S. operations of Maxar Technologies Inc. ("**Maxar**") acquired pursuant to the Acquisition (as defined below) (the "**Predecessor**").*

*This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2021 and the accompanying notes (the "**Q3 2021 Financial Statements**"), and the audited consolidated financial statements of the Company for the period from April 8, 2020 to December 31, 2020 and the accompanying notes (the "**MDA Annual Financial Statements**"), the audited combined carve-out financial statements of the MDA Canada business of the Predecessor for the period ended April 7, 2020 and for the years ended December 31, 2019 and December 31, 2018 and the accompanying notes (the "**Predecessor Annual Financial Statements**") and the related Management's Discussion and Analysis (the "**Annual MD&A**") included in our final prospectus dated April 1, 2021 (the "**Prospectus**") and filed on SEDAR in connection with the Company's initial public offering.*

*The Q3 2021 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All dollar amounts are expressed in Canadian Dollars ("**CAD**") except where otherwise indicated. Capitalized terms used but not defined herein have the meanings given to them in the Prospectus.*

All references to September 30, 2020 amounts within this MD&A are the unaudited three and nine months ended September 30, 2020 financial information that includes the Predecessor's activity for the period from April 1, 2020 to April 7, 2020 and from January 1, 2020 to April 7, 2020 respectively. These figures were not reviewed as part of the Q3 2021 Financial Statements. The construction of the September 30, 2020 figures is presented in the section entitled "Calendar Q3 2020 Construction".

*Any reference to "**Acquisition**" within this MD&A refers to the April 2020 acquisition of the Predecessor as described in Note 1 and Note 5 of the MDA Annual Financial Statements that are included in the Prospectus.*

Management uses non-IFRS financial measures to exclude the impact of certain expenses and income that must be recognized under IFRS when analyzing consolidated operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company excludes additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. See section entitled "Reconciliation of Non-IFRS Measures" of this MD&A for more information on the Company's non-IFRS financial measures.

The information in this MD&A is current to November 12, 2021, unless otherwise noted.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information with respect to the Company's objectives and strategies to achieve these objectives, as well as information with respect to the Company's beliefs, plans, expectations, anticipations, estimates, intentions and views of future events. Discussions containing forward-looking information may be found, among other places, under the headings "Financial Outlook and Growth Strategies" and "Q3 Achievements" in this MD&A. 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. In addition, any statements that refer to *expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts. The Company has based the 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.*

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. These assumptions include our ability to maintain and expand the scope of our business; our ability to execute on our growth strategies; assumptions relating to government support and funding levels for space programs and missions; continued and accelerated growth in the global space economy; the impact of competition; our ability to retain key personnel; our ability to obtain and maintain existing financing on acceptable terms; changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations.

Although the Company believes that the assumptions underlying these statements are reasonable, 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 those described in this MD&A and listed under the heading "Risk Factors" in the Prospectus, which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A.

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 investors 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 MD&A. 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 MD&A, 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 MD&A 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.

COMPANY OVERVIEW

We are one of the most advanced technology and service providers to the burgeoning global space industry. With world-class engineering capabilities, space mission expertise, and a portfolio of cutting-edge, next generation space technologies, we are the partner of choice for emerging space companies, prime contractors, and government agencies worldwide.

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 analytic services 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 global commerce. We also derive revenue from products and services related to defence intelligence systems. 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.

Our focus on technological innovation, coupled with mission-tested solutions has contributed to many of humanity's landmark achievements in space, and we expect to continue to play a major role in leading the space industry into the future. Our ongoing space mission experience, expertise, and innovations include:

- being an industry leader in space robotics solutions;
- providing innovative and proven on-orbit servicing capabilities;
- being a cutting-edge designer and manufacturer of LEO communication satellite systems and sub-systems;
- being a leading provider of SAR-based imagery, analytics, and information services;
- providing a global maritime information platform for vessel detection and climate monitoring; and
- providing an advanced sensor product suite for new space missions.

Key industry trends that directly influence the Company's business include the following:

New Space Business Opportunities Are Increasing

As space becomes more accessible and capital investment in space companies is increasing, the opportunity for the Company is directly impacted. Our Geointelligence business activity increasingly involves engagement with earth observation ("**EO**") start-up companies, providing the opportunity for the Company to offer RADARSAT-2 satellite imagery and analytic services through additional channels for advanced analytics and to partner with others to obtain a greater range of source data for our analytics products and services. Our Robotics & Space Operations business is now engaged with multiple parties to provide advanced sensors to their space craft and lunar landing systems, as well as to provide robotics to commercial space tourism and on-orbit servicing spacecraft. Our Satellite Systems business is responding to multiple requests for communication satellite solutions for a growing number of commercial constellation projects. We see this specifically in flagship program wins such as the new Telesat LEO Constellation ("**Telesat Lightspeed**") program.

Government Agencies are Seeking Increased Commercial Collaboration

The growing commercial space economy has resulted in government customers, including civilian space agencies and defence departments, seeking commercial collaboration in business activities. The Company has responded, and continues to respond, to several future government initiatives regarding co-investment by industry, and/or an industry services model to provide earth observation as-a-service, on-orbit robotics operations as-a-service, and space based communications as-a-service. We see this on Government of Canada engagements on projects such as Earth Observation Service Continuity program, Defence Enhanced Surveillance from Space program, the Enhanced Satellite Communication Project - Polar, and Canadarm3.

The Pace and Density of Space Missions is Increasing

The intensity of new business development is rapidly increasing across the Company. Government agencies have increased demand for space based initiatives for earth observation, space exploration, and space based communication, while commercial customers are exhibiting similar needs as they obtain record levels of financing. The Company is focused on staffing, financing new business development efforts and increasing the scale of the overall business in order to keep pace with this growing market opportunity and increased volumes, including the volumes expected to be provided by the new flagship programs.

BUSINESS AREAS

To provide increased transparency to investors we provide revenue information for the three markets into which our products and services are sold, which include Geointelligence, Robotics & Space Operations and Satellite Systems.

Geointelligence

Our Geointelligence business area includes the provision of end-to-end solutions and services related to EO and defence intelligence systems.

Our EO solutions and services include the provision of EO imagery, data, and value-added analytics, as well as the infrastructure required to receive and process EO data and imagery. EO solutions and services are sold to a wide range of government and commercial organizations in the defence, weather, transportation, energy, mining, and civilian sectors. The largest market for our EO data and services is maritime surveillance, where government and commercial organizations rely on us for mission critical near real-time data to monitor vessels, detect possible oil spills, and track illegal ship activity. We have been a leading provider of these mission critical services for over 25 years and, as a result, we play an integral role in our customer's surveillance strategies and are highly embedded in their workflows, which create strong barriers to entry and result in highly recurring revenue. We have installed more than 70 receiving and processing ground stations in more than 25 countries which process data from over 20 different satellites. The intelligence provided through our ground stations supports a broad range of applications, such as national security, maritime transportation, urban development, land use, resource management, environmental monitoring, defence operations, law enforcement and mapping.

We are currently developing SARnext, a next-generation radar satellite system that will provide data continuity for RADARSAT2 and will enhance our EO solutions offering. SARnext will fuse data from multiple sensors and will leverage artificial intelligence in order to manage larger volumes of data and provide enhanced analytics services. We also intend to launch our cloud-based ground station solution as part of our SARnext offering. These expanded capabilities will grow our customer base and drive increased revenue from existing customers by providing additional services.

Our Geointelligence business area also includes the provision of EO satellites to the Canadian government, the most recent example of which was the RADARSAT Constellation Mission.

Robotics & Space Operations

We are a world leader in space robotics with the Canadian Space Agency, the Defense Advanced Research Projects Agency, the National Aeronautics and Space Administration, and the European Space Agency as principal customers. We have a long heritage of providing the robotics for the U.S. Space Shuttle and the International Space Station ("**Canadarm**" and "**Dextre**") and are currently involved in the development of the next generation of space robotics for the planned lunar gateway ("**Canadarm3**"). We also provide recurring and ongoing mission-related support and maintenance solutions for the Mobile Servicing System installed on the International Space Station, which is composed of Canadarm2, Dextre and the Mobile Base System. We have been providing these support services with funding from the Canadian Space Agency since 2000 and in March 2020 we were awarded a $190 million contract to provide ongoing services through 2024. We also provide technologies for exploration mobility, space manipulation, control and autonomy, perception, ground testing, robotic interfaces, and vision and sensor systems.

Satellite Systems

We are a leading provider of satellite systems and sub-systems for LEO, GEO and MEO satellites to commercial and government customers worldwide. We are a leading independent supplier of sub-systems, which includes antennas and electronics, to Tier-1 satellite prime manufacturers. We are also a leading independent supplier of payloads to Tier-2 satellite primes that do not possess in-house payload capabilities. We have provided satellite subsystems to enable next generation communication constellations such as O3B, Iridium Next, and OneWeb. Moving forward, we will be providing technology to Telesat's planned LEO constellation, one of the world's first digital space-based broadband internet communication constellations. To support these customers, we have continually adapted our satellite manufacturing base, which now includes fourth generation robotics-based technologies capable of manufacturing dozens of small satellites and satellite sub-systems each month.

FINANCIAL OUTLOOK AND GROWTH STRATEGIES

We are executing on specific growth strategies and leveraging our competitive strengths to capitalize on the fastest growing areas of the space economy. To maximize our growth opportunities, we are investing in research and development, manufacturing, product development, and in scaling the business. Strategic initiatives include:

- investing approximately $400 million to develop our next industry leading Earth observation (EO) mission that will provide the broadest Synthetic Aperture Radar (SAR) area coverage on the market with cloud-enabled ground infrastructure to provide best in class download times;
- expanding our high volume production capacity by investing in new satellite manufacturing facilities and modernizing existing facilities with-state-of-the-art digital capability;
- investing to maintain our global leadership in robotics design and development by leveraging next generation advanced technologies including artificial intelligence and augmented reality;
- investing to attract and recruit top talent to drive our future growth including hiring more than 600 new employees since the beginning of the year.

A significant portion of this expected growth is underpinned by the existing contract awards of our flagship programs (as described below). With Telesat Lightspeed, Canadarm3 and the Canadian Surface Combatant (CSC) programs already under initial contracts, in Q3 we made and are continuing to make significant progress on next-phase contract negotiations, program definition and development, and risk reduction activities.

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.

Execute on Recently Awarded Flagship Programs

We have recently been awarded new flagship programs that, if fully implemented, will collectively represent over $3.5 billion of potential revenue to the Company over the long-term. The programs include:

Canadarm3

The Canadarm3, the third generation robotic technology developed by MDA, will be designed and built over a five-year period and is expected to generate estimated total revenue to the Company of $1.4 billion, including 15 years of ongoing service and support revenue. This advanced AI-enabled robotic system will be highly-autonomous, allowing the robotic elements to perform operations and make decisions during long periods when there is no contact with the Canada-based ground control operations centre. We also plan to commercialize our Canadarm3 robotic arm capabilities for applications in the growing on-orbit servicing and in-space manufacturing and assembly markets. We received a Phase A contract in the amount of $22.8 million from the Canadian Space Agency ("**CSA**") in December 2020 to develop Canadarm3 for the lunar gateway mission. In July, 2021, the Company was awarded a $35.3 million contract from the CSA for the design of the Gateway External Robotics Interfaces ("**GERI**"), a key component of Canadarm3.

*Canadian Surface Combatant ("**CSC**")*

We are designing and integrating 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 the Company, or approximately $100 million per vessel. We will leverage the Canadian Surface Combatant's sensor, laser warning, and electronic system technologies to serve international defence customers as they upgrade their naval fleets over time. In February 2021, the Company was awarded an initial production contract valued at more than $60 million to provide the Laser Warning and Countermeasure system that will protect the Royal Canadian Navy warships against laser and optical threats.

Telesat Lightspeed

In February 2021, Telesat announced that the Company was selected for a major role on their upcoming Telesat Lightspeed program. The Company will develop the Direct Radiating Array ("**DRA**"), a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. Additionally, we are in discussions to provide Telesat with gateway antennas as well as spacecraft assembly, integration and test ("**AI&T**") services for the 300 initial LEO satellites. The work scope to conduct AI&T or final assembly of these satellites will enable the Company to produce one satellite per day, a new global benchmark for high performance satellite production. 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 the Company. Telesat also has a registered license for an additional 1,300 LEO satellites, which could potentially represent a multi-billion dollar future opportunity to the Company.

For each flagship program, we are positioned to provide ongoing mission support and aftermarket and replacement services. Our flagship programs also provide us with capabilities and technologies that we will leverage in parallel for commercial applications.

KEY INDICATORS OF PERFORMANCE AND FINANCIAL CONDITION OF OUR BUSINESS

The Company monitors a number of key indicators to evaluate performance. Some of the key performance indicator measurements used by management are recognized under IFRS whereas others are non-IFRS measures and are not recognized under IFRS. We believe that non-IFRS financial measures are useful to investors, lenders and others in assessing our performance; however, these measures should not be considered as a substitute for reported IFRS measures nor should they be considered in isolation.

Comparative financial information in this MD&A are presented on a calendar quarter and year to date September 30, 2020 basis using a construction of the Predecessor Annual Financial Statements as a starting point, and adding the activity recorded between April 8, 2020 to September 30, 2020. See "Calendar Q3 2020 Construction" below.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, the measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including Adjusted EBITDA, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

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 investors, to assess the financial performance of our business without regard to financing methods or capital structure. Adjusted EBITDA(1) is also a key metric that management uses to assess the impact of potential strategic investing or financing opportunities. For example, management uses Adjusted EBITDA as a measure in determining the value of acquisitions, expansion opportunities, and dispositions. In addition, Adjusted EBITDA is used by financial institutions to measure borrowing capacity.

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 gain or loss ii) unrealized gain or loss on financial instruments iii) restructuring costs iv) impairment loss, and vi) share-based compensation. We use Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis reflecting factors and trends affecting our business. Adjusted EBITDA is not an IFRS measure.

Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue. We use Adjusted EBITDA margin to facilitate a comparison of the operating performance on a consistent basis reflecting factors and trends affecting our business.

For a reconciliation of Adjusted EBITDA to the most directly comparable measure calculated in accordance with IFRS see the section entitled "Reconciliation of Non-IFRS Measures" below.

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.

Key Indicators

The Company monitors a number of key financial performance indicators to evaluate performance against short and long term objectives. Some of the key financial performance indicator measurements used by management are recognized under IFRS whereas others are non-IFRS measures and are not recognized under IFRS.

Select key financial performance indicators are set out below:

	Three months ended September 30,		Nine months ended September 30,	
(in millions of Canadian dollars)	**2021**	**2020**	**2021**	**2020**
Revenues	$ 111.3	$ 98.4	$ 361.4	$ 311.3
Gross profit	$ 39.4	$ 30.5	$ 122.4	$ 88.7
Gross profit percentage	35%	31%	34%	28%
EBITDA[1]	$ 33.8	$ 31.9	$ 100.4	$ 54.1
Adjusted EBITDA[1]	$ 31.8	$ 35.1	$ 110.3	$ 96.7
Adjusted EBITDA margin [1]	29%	36%	31%	31%

As at	**September 30, 2021**	**December 31, 2020**
Backlog	$ 828.9	$ 562.5

Backlog

The backlog as at September 30, 2021 was $828.9 million, an increase of $266.4 million compared to the backlog at December 31, 2020. Backlog continues to build this year as we obtain incremental awards across our business.

Adjusted EBITDA[1] and Adjusted EBITDA margin[1]

Adjusted EBITDA[1] increased from $96.7 million for the nine months ended September 30, 2020 to $110.3 million for the nine months ended September 30, 2021, and Adjusted EBITDA margin[1] remained steady at 31%. For the same nine month period, while the Company achieved higher volumes of revenue and improved its realization of revenue into gross profit in 2021, these positive contributions to Adjusted EBITDA[1] were largely offset by a decrease in the Canada Emergency Wage Subsidy ("**CEWS**") income of $9.2 million and the momentum achieved in R&D spending in 2021. Excluding the impact of the CEWS, Adjusted EBITDA in the nine months ended September 30, 2021 increased by $22.8 million as compared to the prior period. Excluding the impact of the CEWS, the Adjusted EBITDA margin in the nine months ended September 30, 2021 was 24%.

Q3 Achievements

In Q3 MDA, continued to make significant progress on all three of our flagship programs:

[1] As defined above in "Non-IFRS Financial Measures"

- On Canadarm3, MDA was awarded a $35.3 million contract from the Canadian Space Agency ("**CSA**") for the design of GERI ("**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.

Geointelligence released first details of our next industry leading 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.

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.

RESULTS OF OPERATIONS

For the three months ended September 30 *(in millions of Canadian dollars)*		**2021**		**2020**		**Change**	**% Change**
Revenues	$	111.3	$	98.4	$	12.9	13%
Materials, labour and subcontractors costs		66.1		61.0		5.1	8%
Depreciation and amortization of assets		5.8		6.9		(1.1)	(16)%
Gross profit	$	39.4	$	30.5	$	8.9	29%

For the three months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
Operating expenses:				
Selling, general & administration	$ 15.1	$ 15.2	$ (0.1)	(1)%
Research & development	7.5	2.6	4.9	188%
Amortization of intangible assets	13.9	14.7	(0.8)	(5)%
Share-based compensation	2.3	—	2.3	100%
Total operating expenses	$ 38.8	$ 32.5	$ 6.3	19%
Operating income	0.6	(2.0)	2.6	n/m
Other (income) expense	(13.5)	(12.3)	(1.2)	(10)%
Finance costs	5.7	12.9	(7.2)	(56)%
Income (loss) before income taxes	$ 8.4	$ (2.6)	$ 11.0	n/m
Income tax expense (recovery)	4.4	(0.7)	5.1	n/m
Net income (loss)	$ 4.0	$ (1.9)	$ 5.9	n/m

n/m: not meaningful

For the nine months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
Revenues	$ 361.4	$ 311.3	$ 50.1	16%
Materials, labour and subcontractors costs	221.6	204.9	16.7	8%
Depreciation and amortization of assets	17.4	17.7	(0.3)	(2)%
Gross profit	$ 122.4	$ 88.7	$ 33.7	38%
Operating expenses:				
Selling, general & administration	$ 41.2	$ 47.0	$ (5.8)	(12)%
Research & development	12.8	4.6	8.2	178%
Amortization of intangible assets	42.3	28.5	13.8	48%
Share-based compensation	9.6	1.0	8.6	860%
Total operating expenses	$ 105.9	$ 81.1	$ 24.8	31%
Operating income	16.5	7.6	8.9	117%
Other (income) expense	(24.2)	(0.3)	(23.9)	n/m
Finance costs	30.0	22.7	7.3	32%
Income (loss) before income taxes	$ 10.7	$ (14.8)	$ 25.5	n/m
Income tax expense (recovery)	8.4	8.8	0.4	(5)%
Net income (loss)	$ 2.3	$ (23.6)	$ 25.9	n/m

n/m: not meaningful

Revenue

Revenue is derived from sales of our technology and services to customers in the space economy and are disaggregated into three business areas: Geointelligence, Robotics & Space Operations, and Satellite Systems. Geointelligence revenue includes revenue from satellite-generated imagery and data for national security, climate change monitory and global commerce. Robotics & Space Operations revenue results from the sale of autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. Satellite Systems revenue results from providing customers with systems and spacecraft to enable space-based services, including next generation communication technologies that deliver space-based broadband internet connectivity from LEO satellite constellations.

Revenues by Business Area:

For the three months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
Geointelligence	$ 40.7	$ 45.6	$ (4.9)	(11)%
Robotics & Space Operations	33.1	31.2	1.9	6%
Satellite Systems	37.5	21.6	15.9	74%
Consolidated revenues	$ 111.3	$ 98.4	$ 12.9	13%

For the nine months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
Geointelligence	$ 137.9	$ 136.9	$ 1.0	1%
Robotics & Space Operations	103.0	89.6	13.4	15%
Satellite Systems	120.5	84.8	35.7	42%
Consolidated revenues	$ 361.4	$ 311.3	$ 50.1	16%

Revenue for the three and nine months ended September 30, 2021 increased by $12.9 million and $50.1 million as compared to the three and nine months ended September 30, 2020. Revenue changes by business area are described below.

Revenues in our Geointelligence business decreased from $45.6 million for the three months ended September 30, 2020 to $40.7 million for the three months ended September 30, 2021, and increased slightly from $136.9 million for the nine months ended September 30, 2020 to $137.9 million for the nine months ended September 30, 2021. Year to date sales of satellite imagery and analytic services remained relatively constant year over year. The Q3 revenue decrease is driven by a temporary decrease in activity on certain service contracts.

Revenues in our Robotics & Space Operations business increased from $31.2 million and $89.6 million for the three and nine months ended September 30, 2020 to $33.1 million and $103.0 million for the same period in 2021, largely driven by the ramp up of work performed on the Canadarm3 program.

Revenues in our Satellite Systems business increased from $21.6 million and $84.8 million for the three and nine months ended September 30, 2020 to $37.5 million and $120.5 million for the same period in 2021, primarily due to ramp up of work performed on contracts awarded in the back half of 2020 and first half 2021, amplified by improved program performance in 2021.

Gross Profit

Gross profit reflects our revenue less cost of revenue. Gross profit for the three and nine months ended September 30, 2021 was $39.4 million and $122.4 million compared to $30.5 million and $88.7 million for the same period last year. The increase was due to increased volume across all three business areas and improved program performance over 2020. Gross profit percentage for the three and nine months ended September 30 improved from 31% and 28% in 2020 to 35% and 34% in 2021.

Operating Expenses

For the three and nine months ended September 30, 2021, operating expenses were $38.8 million and $105.9 million compared to $32.5 million and $81.1 million for the same period last year. Increases were primarily driven by increased share-based compensation expenses following the introduction of a new stock option plan with commencement of grants awarded in Q4 2020. As it relates to the nine months period, increases were also driven by the additional quarter of amortization of intangible assets that resulted from the Acquisition.

Selling, general and administration

Selling, general and administrative expenses include Shared Services and Corporate support functions, as well as business development and labour costs associated with bids and proposals. In addition, audit fees, recruitment and other consulting fees are included in this line item.

Selling, general and administrative expenses for the thee and nine months ended September 30, 2021 were $15.1 million and $41.2 million compared to $15.2 million and $47.0 million for the nine months ended September 30, 2020. Of the $5.9 million decrease in the nine month period, $2.8 million is due to the decrease in fees related to the one-year of post-Acquisition transition services we obtained from Maxar that ended in April 2021.

Research and development

MDA's gross research and development ("**R&D**") spend is offset through customer reimbursement.

For the three months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
R&D expense	$ 9.5	$ 5.0	$ 4.5	90%
R&D recoveries	2.0	2.4	(0.4)	(17)%
	$ 7.5	$ 2.6	$ 4.9	188%

For the nine months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**	**Change**	**% Change**
R&D expense	$ 20.5	$ 15.8	$ 4.7	30%
R&D recoveries	7.7	11.2	(3.5)	(31)%
	$ 12.8	$ 4.6	$ 8.2	178%

Net R&D expense for the three and nine months ended September 30, 2021 was $7.5 million and $12.8 million compared to $2.6 million and $4.6 million for the nine months ended September 30, 2020. This increase is due to the increased activity in R&D spend on SARnext and other technological developments.

Amortization of intangible assets

For the three and nine months ended September 30, 2021, the amortization of intangible assets was $13.9 million and $42.3 million compared to the nine months ended September 30, 2020 of $14.7 million and $28.5 million. Intangible assets recognized as part of the Acquisition at April 8, 2020 include contractual backlog, customer relationships, proprietary technologies, and the MDA trademark. The amortization recognized year-to-date in 2021 included nine months of amortization expense, while the timing of the Acquisition in 2020 resulted in only six months of amortization expense. The aggregate fair value of these intangible assets on the date of acquisition was $604.7 million. These intangible assets are amortized over various useful lives, ranging from 2 to 20 years.

Share-based compensation

For the three and nine months ended September 30, 2021, share-based compensation expense was $2.3 million and $9.6 million compared to nil and $1.0 million for the nine months ended September 30, 2020. The increase is attributed to nine months of stock option expense in 2021 following the introduction of a new stock option plan post-Acquisition with the commencement of grants awarded in Q4 2020.

Other (income) expense

Other income for the three months ended September 30, 2021 of $13.5 million includes CEWS income of $9.1 million, foreign exchange gain of $2.9 million, and unrealized gain on financial instruments of $1.5 million. Other income of $12.3 million for the same three months period in 2020 primarily comprise of CEWS income of $11.1 million.

For the nine months ended September 30, 2021, other income of $24.2 million primarily comprise of CEWS income of $24.0 million. Other income of $0.3 million for the same period in 2020 include CEWS income of $33.2 million offset by an impairment expense for the OneWeb investment of $16.4 million, transaction costs incurred of $12.3 million on the Acquisition, and restructuring and enterprise improvement costs of $4.1 million.

Finance costs

Finance costs for the three months ended September 30, 2021 was $5.7 million, substantially all of which were interest expenses. Finance costs for the nine months ended September 30, 2021 was $30.0 million, primarily comprising of interest expense of $22.4 million and an accelerated amortization of senior credit facility deferred financing costs of $5.4 million. In the comparative periods in 2020, substantially all of the finance costs recognized relate to interest expense. The decrease in interest expense for the three months ended September 30, 2021 as compared to the three months ended September 30, 2020 largely resulted from the reduction of interest expense after repayment of the term loan facility discussed below. The increase in interest expense for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 largely resulted from new financing obtained as part of the Acquisition in April 2020. In 2020, the Company did not incur any interest expense for the first three months of the year.

In Q2 2021, the Company used a portion of the net proceeds from the initial public offering and over-allotment option of common shares to repay in full the $418.7 of outstanding principal under its term loan facility. Concurrent with the repayment, the Company converted the term loan to a reducing revolving credit facility. The Company accounted for the conversion from the term loan to the reducing revolving credit facility as a non-substantial debt modification and recognized an accelerated amortization of deferred financing costs of $5.4 million that is included in finance costs.

FINANCIAL CONDITION, LIQUIDITY & CAPITAL RESOURCES

Financial Condition

Total assets of the Company have increased from $1,455.2 million as at December 31, 2020 to $1,504.9 million as at September 30, 2021. This increase of $49.7 million is primarily driven by an increase in current assets of $44.2 million, and an increase in deferred tax asset of $8.1 million, offset by a net decrease in property, plant and equipment, intangible assets, and right-of-use assets of $1.5 million. The net decrease of this last item reflects the periodic depreciation and amortization of the assets offset by additions.

Total liabilities of the Company decreased from $997.8 million as at December 31, 2020 to $565.8 million as at September 30, 2021. This decrease is largely attributable to the repayment in full the $418.7 of outstanding principal under its term loan facility.

The following table represents our working capital position as at September 30, 2021 and December 31, 2020:

As at *(in millions of Canadian dollars)*	**September 30, 2021**	**December 31, 2020**
Current assets	$ 371.9	$ 327.7
Current liabilities	223.2	242.4
Working capital	$ 148.7	$ 85.3

Significant contributions to the $44.2 million increase in current assets include an increase in receivables of $38.3 million, inclusive of CEWS income receivable of $8.8 million, an increase in cash of $9.4 million, and an increase in other current assets of $9.2 million. These increases were offset by a decrease in income taxes receivable of $14.4 million.

The decrease in current liabilities is largely driven by the repayment of the term loan facility, of which $22.0 million was current as at December 31, 2020,

The Company's working capital balances commonly experience volatility when compared over a short period of time due to the long-term nature of many of the Company's revenue contracts and subcontractor contracts. As a result, balances in receivables, payables, and contract liabilities depends on the stage of performance on in-progress revenue contracts relative to the timing of invoicing, cash collection, and cash payment.

Cash Flows

The Company's consolidated statement of cash flows for the nine months ended September 30, 2021 as compared to September 30, 2020 are noted below.

For the three months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**
Cash, beginning of period	$ 118.9	$ 22.2
Total cash provided by (used in):		
Operating activities	$ (0.5)	$ 66.6
Investing activities	(28.3)	(3.1)
Financing activities	(2.2)	(7.3)
Net foreign exchange difference	0.1	(2.1)
Increase (decrease) in cash	$ (30.9)	$ 54.1

For the three months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**
Cash, end of period	$ 88.0	$ 76.3

For the nine months ended September 30 *(in millions of Canadian dollars)*	**2021**	**2020**
Cash, beginning of year	$ 78.6	$ 62.0
Total cash provided by (used in):		
Operating activities	$ 33.0	$ 54.5
Investing activities	(55.6)	(1,006.3)
Financing activities	30.9	968.4
Net foreign exchange difference	1.1	(2.3)
Increase (decrease) in cash	$ 9.4	$ 14.3
Cash, end of period	$ 88.0	$ 76.3

The net cash decreased by $30.9 million in the three months ended September 30, 2021 while over the same three months period in 2020, net cash increased by $54.1 million. In the three months ended September 30, 2021, cash used in operating activities was $0.5 million while operating activities provided $66.6 million of cash in the same period in 2020, which primarily resulted from timing of receivables relative to cash collection. Investing activities used $25.2 million more cash in the three months ended 2021 over the same period 2021, reflecting increased activity in R&D spend on SARnext, Telesat Lightspeed and other technological developments.

The net cash increase of $9.4 million over the nine months ended September 30, 2021 is relatively in line with the cash increase of $14.3 million over the same period in 2020. When comparing the two periods, the cash provided by operating activities decreased. This is primarily driven by the timing of recognition of receivables, payables, and contract liabilities relative to cash collection and cash payment under its contracts. Over the nine months ended September 30, 2021, the cash provided by financing activities is primarily due to an equity issuance of $30.0 million to a private investor, and net IPO proceeds of $432.6 million offset by debt principal repayments of $424.1 million. The cash used in investing activities reflects primarily capital expenditures related to development SARnext and Telesat Lightspeed along with other internally generated proprietary technology.

The Company has ample liquidity to fund working capital requirements of our operations, capital expenditures, debt service costs, and general corporate costs at September 30, 2021, subsequently reinforced by the Offering. The Company also has funds available through our senior secured revolving term facility (the "**RT** Credit Facility") of $423.8 million as a source of liquidity.

For additional details regarding the Company's cash flow requirements and a summary of the Company's contractual cash flow obligations, see the Annual MD&A

Capital Management

At September 30, 2021, the Company has outstanding debt of $144.8 million as compared to $559.7 million at December 31, 2020. The Company manages its capital, which consists of equity and long-term debt, with the objectives of safeguarding sufficient working capital over the annual operating cycle and providing sufficient financial resources to grow operations to meet long-term customer demand. Management used a substantial portion of the funds raised pursuant to the IPO to repay $418.7 million of outstanding principal under its term loan facility. The Company ended the quarter with cash and equivalents of $88.0 million resulting in net debt of $62 million. At the end of the third quarter, the Company also had $423.8 million of available liquidity under its revolving credit facility.

There were no material changes to the Company's contractual cash flow obligations during the nine months ended September 30, 2021. For details regarding the Company's long-term borrowings refer to Note 11 Long-term Debt of the Q3 2021 Financial Statements.

As of September 30, 2021, the Company had commitments of $14.0 million (December 31, 2020: $4.7 million) relating to purchase of property, plant and equipment, and intangible assets.

We will continually assess the adequacy of the Company's capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

FINANCIAL INSTRUMENTS

The Company has included a comprehensive discussion on financial instruments in Note 14 of the Q3 2021 Financial Statements, but has also discussed the use of financial instruments in relation to foreign currency exchange risk below:

Foreign currency exchange risk

The Company is exposed to foreign exchange risk arising from sales contracts and purchase contracts denominated in currencies other than the functional currency of the Company's contracting entity. Net monetary assets denominated in currencies other than CAD that are held in entities with CAD functional currency are translated into Canadian dollars at the foreign currency exchange rate in effect at the balance sheet date. As a result, we are exposed to foreign currency translation gains and losses. Our Q3 2021 Financial Statements are expressed in Canadian dollars; however a portion of the Company's net assets are denominated in U.S. dollars and Pounds Sterling, through our foreign operations in the U.S. and the U.K. Revenues and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized.

Interest Rate Risk

The Company has available borrowing capacity in the amount of $439.1million under its RT Credit Facility. For any drawings made under this facility, the Company would be exposed to interest rate risk from fluctuations in the floating interest rates. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions. On September 30, 2021, the Company had $15.3 million used on the RT Credit Facility, all in respect of letters of credit. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at the time.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements are made up of standby and documentary letters of credit used mainly in connection with obligations relating to performance and payment guarantees of customer contracts. As at September 30, 2021, the aggregate gross potential liability related to the Company's letters of credit was approximately $15.3 million (December 31, 2020: $15.5 million).

As at September 30, 2021 and December 31, 2020, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling its activities and consist of the members of the board and the senior members of the management team. For the three and nine months ended September 30, 2021, MDA's compensation to its key management personnel was $3.3 million and $13.3 million, which consisted of short-term benefits, post-employment benefits, termination benefits, and share-based compensation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements requires management to make estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates and judgments are based on various factors that management believes to be reasonable under the circumstances. The most significant areas that require estimates and judgments are in the areas of revenue recognition, recoverability of deferred tax assets and the assessment of the impact of any tax uncertainties in various jurisdictions, and the assessment for impairment of financial and non-financial assets.

For a full discussion of the Company's estimates and judgments required in preparing its Q3 2021 Financial Statements, please refer to Note 2, Basis of preparation, and Note 3, Summary of significant accounting policies, in the MDA Annual Financial Statements.

RECENT ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted:

(a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1, which are intended to clarify requirements for the classification of liabilities as non-current, become effective for the Company on January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

(b) Onerous Contracts – Costs of Fulfilling a Contract – Amendment to IAS 37

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, ("IAS 37") to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Company is currently assessing the potential impacts of this amendment.

SUMMARY OF QUARTERLY RESULTS

The Company has not included a summary of selected consolidated financial information for each of the eight most recently completed quarters because prior to Fiscal 2020 the Company was a privately owned business of Maxar and quarterly information was not prepared.

CONTROLS AND PROCEDURES

*Disclosure Controls and Procedures ("**DC&P**")*

As at September 30, 2020, the Company's management, under the supervision of its CEO and CFO, has designed DC&P to provide reasonable assurance that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

*Internal Control over Financial Reporting ("**ICFR**")*

As at September 30, 2020, the Company's management, under the supervision of its CEO and CFO, has designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Our ICFR includes policies and procedures that pertain to the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 version of Internal Control – Integrated Framework.

The Company's officers' filed its first certification, for the three months ended September 30, 2021, on form 52-109F2 – *Certification of Interim Filings Full Certificate.*

RISK FACTORS

We believe our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges which are described in full details in the Prospectus. We have noted below the key risks that are especially prevalent in our ongoing operations.

Level of Government Funding

A significant portion of the Company's business is dependent on governments continuing to create, support and fund the programs in which the Company participates. A decline or shift in governmental support and funding for such programs could result in delays in contract awards, contract terminations, the failure to exercise contract options, and fewer new business opportunities. The cancellation of, or a significant disruption to, any program that is material to the Company's business would have a significant negative impact on the Company's business, prospects and profitability.

Concentration of Revenues

We are dependent on a small number of customers for a large portion of our 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. In certain cases, our revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products.

Uncertainties in Backlog Estimates

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 contracts comprising the Company's backlog may not result in actual revenue in any particular period, and the actual revenue from such contracts may differ from backlog estimates.

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 contract may occur.

Ability to Operationally Scale

The Company is at the start of an expected multi-year organic growth phase driven by flagship programs that are now part of the business. As a result, we are focused on the structure and scale of the business to ensure operational success in the execution of expected record levels of volume. We have structured our business for growth, with a strong financial foundation, and are focused on continuing to improve hiring systems, IT systems, and personnel management systems to ensure an efficient integration that will provide operational leverage as new volumes are realized.

Significant Hiring of Technical Talent

As a result of the large scale growth that is expected to continue, we are focused on ensuring that we have the talent acquisition capabilities to obtain, onboard, and integrate hundreds of new engineers over the next several years. We have improved our talent acquisition team and associated systems, and are now working on bringing processes and systems together to identify, recruit, onboard, and integrate new talent on a continual basis.

Effective Execution of Advanced Technology Development

The Canadarm3 program, Telesat Lightspeed program, SARnext program and CSC program all involve the development of leading edge, next generation technologies in their respective areas. We are focused on this new technology development to ensure program success, as well as to position ourselves for parallel and follow-on commercial sales opportunities.

In addition, the broader market in which the Company operates are characterized by changing technology and evolving industry standards. 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 and changing customer preferences.

Expansion of New Business Capability

The Company is well-positioned to capitalize on opportunities as our three business areas are directly aligned with the highest growing areas in the new space economy. We see significant and growing TAMs in each of our business areas. As a result, we intend to expand and optimize our new business development capability to accelerate organic growth and capitalize on this market opportunity.

RECONCILIATON OF NON-IFRS MEASURES

The following table provides a reconciliation of net income or loss to EBITDA[1] and Adjusted EBITDA[1]:

	Three months ended September 30,		Nine months ended September 30,	
(in millions of Canadian dollars)	**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%

OUTSTANDING SHARE INFORMATION

MDA is authorized to issue an unlimited number of common shares. As of the date of this MD&A, 119,687,381 common shares and 9,955,323 options are issued and outstanding.

ADDITIONAL INFORMATION

Additional information about the Company, including the Prospectus, is available on SEDAR at www.sedar.com.

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.

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[1] As defined above in “”Non-IFRS Financial Measures”

Selected financial information

(in millions of Canadian dollars)	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

(in millions of Canadian dollars)	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
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)

Research and development

(in millions of Canadian dollars)	**January 1 – April 7, 2020**	**April 8 – September 30, 2020**	**January 1 – September 30, 2020**
R&D expense	$ 6.6	$ 9.2	$ 15.8
R&D recoveries	5.2	6.0	11.2
Consolidated revenues	$ 1.4	$ 3.2	$ 4.6

Statement of cash flows

(in millions of Canadian dollars)	**January 1 – April 7, 2020**	**April 8 – September 30, 2020**	**January 1 – September 30, 2020**
Cash, beginning of period	$ 62.0	$ —	$ 62.0
Total cash provided by (used in):			
Operating activities	14.0	40.5	54.5
Investing activities	(3.6)	(1,002.7)	(1,006.3)
Financing activities	(72.4)	1,040.8	968.4
Net foreign exchange difference	—	(2.3)	(2.3)
Increase (decrease) in cash	$ (62.0)	$ 76.3	$ 14.3
Cash, end of period	$ —	$ 76.3	$ 76.3

Adjusted EBITDA[1]

(in millions of Canadian dollars)	January 1 – April 7, 2020		April 8 – September 30, 2020		January 1 – September 30, 2020	
Net Income (loss)	$	(18.9)	$	(4.7)	$	(23.6)
Depreciation and amortization		7.0		11.0		18.0
Amortization of intangible assets		—		28.2		28.2
Income tax expense (recovery)		5.7		3.1		8.8
Interest		2.0		20.7		22.7
EBITDA[1]	$	(4.2)	$	58.3	$	54.1
Unrealized foreign exchange loss (gain)		5.1		(3.6)		1.5
Unrealized gain on embedded derivatives		—		(3.1)		(3.1)
Restructuring costs		0.4		3.8		4.2
Acquisition costs		—		12.3		12.3
Loss related to Jupiter 3				16.4		16.4
Impairment		16.4		(6.1)		10.3
Share based compensation		1.0		—		1.0
Adjusted EBITDA[1]	$	18.7	$	78.0	$	96.7

[1] As defined above in "Non-IFRS Financial Measures"

GLOSSARY OF TERMS

This glossary defines certain business, industry, technical and legal terms used in this MD&A for the convenience of the reader. It is not a comprehensive list of all defined terms used in this MD&A.

All references to the "Company", "MDA", "we", "us" or "our" refer to MDA Ltd. together with its subsidiaries or its predecessors, as the context requires.

"**Acquisition**" means the April 2020 acquisition of the Predecessor as described in Note 1 and Note 5 of the MDA Annual Financial Statements that are included in the Prospectus

"**Annual MD&A**" means the Company's Management's Discussion and Analysis included in the Prospectus that was filed on SEDAR in connection with the Company's initial public offering

"**Backlog**" means the dollar sum of revenue that is expected to be recognized from firm customer contracts

"**CSA**" means Canadian Space Agency

"**CSC**" means Canadian Surface Combatant

"**DRA**" means Direct Radiating Array

"**EO**" means earth observation

"**GEO**" means geosynchronous orbit

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**LEO**" means low Earth orbit

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

"**MD&A**" means Management's Discussion and Analysis

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

"**MDA Annual Financial Statements**" means the audited consolidated financial statements of the Company for the period from April 8, 2020 to December 31, 2020 and the accompanying notes included in the Prospectus that was filed on SEDAR in connection with the Company's initial public offering

"**MEO**" means medium Earth orbit

"**Net Debt**" means cash less principal outstanding under credit facilities, which is a liquidity metric used to determine how well a company can pay all of its debts if they were due immediately.

"**NRT Credit Facility**" means the Company's non-revolving term credit facility

"**Offering**" means the Company's initial public offering that was completed on April 7, 2021

"**Predecessor**" means the predecessor MDA Canada, comprising of the Canadian, U.K. and certain U.S. operations of Maxar, prior to the Acquisition

"**Predecessor Annual Financial Statements**" means the audited combined carve-out financial statements of the MDA Canada business of the Predecessor for the period ended April 7, 2020 and for the years ended December 31, 2019 and December 31, 2018 and the accompanying notes

"**Prospectus**" means final prospectus dated April 1, 2021 that was filed on SEDAR in connection with the Company's initial public offering

"**Q3 2021 Financial Statements**" means the unaudited interim condensed consolidated financial statements of the Company for the nine months ended September 30, 2021 and the accompanying notes

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

"**RT Credit Facility**" means the Company's senior secured revolving term facility

"**SARnext**" means the Company's initiative to build our next generation commercial EO satellite mission providing Synthetic Aperture Radar ("**SAR**")-based imagery, analytics, and information services

"**TAM**" means total addressable market

"**Telesat Lightspeed**" means the Telesat LEO Constellation program