

NEWS RELEASE

MDA REPORTS FIRST QUARTER 2023 RESULTS

- *Strong top line growth with revenues of \$201.9 million in Q1 2023, up 57% YoY*
- *Solid profitability with adjusted EBITDA (excluding non-recurring items) of \$48.9 million in Q1 2023, up 77% YoY*
- *Robust adjusted EBITDA margin of 24.2% in Q1 2023*
- *Strong operating cash flow of \$46 million in Q1 2023, up 212% YoY*
- *Healthy backlog of \$1.2 billion at quarter end*
- *Reaffirmed 2023 full-year financial outlook*

Brampton, Ontario (May 12, 2023) -- 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 first quarter ended March 31, 2023.

“We are off to a solid start in 2023. In Q1, the MDA team delivered another quarter of strong performance demonstrating impressive revenue and EBITDA growth as we convert our backlog and meet customer commitments,” said Mike Greenley, Chief Executive Officer of MDA. “With our backlog at a healthy level following a strong year of contract awards in 2022, our team is laser focused on execution. We continue to see healthy market demand and interest in space technology with both government and commercial customers increasingly recognizing and funding civil and defence programs. We were particularly pleased to see the Government of Canada recently commit to \$2.5 billion in new space spending and look forward to working with the Canadian Space Agency and other organizations to realize these new missions.”

Q1 2023 HIGHLIGHTS

- Q1 revenues of \$201.9 million were up 57% YoY driven by higher revenues across our three business areas with strong contributions from Satellite Systems and Robotics & Space Operations businesses.
- Adjusted EBITDA of \$48.9 million in Q1 2023 was up 10% YoY driven by higher volumes of work across our businesses.
 - Excluding the impact of historical Investment Tax Credit (ITC) claims of \$16.8 million recognized in Q1 2022, adjusted EBITDA was \$48.9 million in the latest quarter compared to \$27.7 million in Q1 2022 representing a 77% YoY increase driven by higher work volumes.
 - Adjusted EBITDA margin, excluding the previously mentioned ITC claims, was 24.2% in Q1 2023 compared to 21.6% in Q1 2022. The YoY margin improvement reflects disciplined SG&A cost control.
- Backlog of \$1.2 billion at quarter end was at a healthy level following a year of strong contract awards in 2022.
- Operating cash flow of \$45.8 million in Q1 2023 compared to \$14.7 million in Q1 2022, the 212% YoY increase was driven by higher net income and positive working capital contributions in Q1 2023 versus the same period last year.
- Healthy financial position with net debt to adjusted EBITDA ratio of 1.2x at quarter end.

2023 FINANCIAL OUTLOOK

As a leading space technology provider, we are leveraging our capabilities and expertise to execute on targeted growth strategies across our end markets and business areas. Our strategic initiatives, which span across our three businesses, include expanding our share of the growing constellation market, leveraging our leading robotics technology platform to capitalize on emerging commercial opportunities, and further strengthening our positioning in Geointelligence through the development of our CHORUS Earth observation constellation. We continue to make good progress against our long term strategic plan.

MDA is well positioned to capitalize on strong customer demand and robust market activity given our diverse and proven technology offerings. Our growth pipeline is significant and underpinned by existing contract awards of key programs and our book of business is healthy. We see activities ramping up in line with our expectations, and are encouraged by the team's solid execution. We continue to closely monitor developments related to supply chain disruptions, and are taking proactive measures across our three business areas to mitigate the impact on our operations to the extent possible.

For fiscal 2023, we reaffirm the previous outlook provided in our Q4 2022 earnings release and continue to expect full year revenues to be \$750 – \$800 million, representing robust year over year growth of approximately 20% at the mid-point of guidance. We continue to expect full year adjusted EBITDA to be \$145 – \$155 million, representing approximately 19% – 20% adjusted EBITDA margin. We reaffirm our expectations that capital expenditures will be \$220 – \$240 million in 2023, primarily comprising of growth investments to support CHORUS and the previously outlined growth initiatives across our three business areas. We expect Q2 2023 revenues to grow by approximately 25% compared to Q2 2022 levels as we continue to execute on our backlog.

FINANCIAL OVERVIEW

KEY INDICATORS SUMMARY

	First quarters ended	
<i>(in millions of Canadian dollars)</i>	March 31, 2023	March 31, 2022
Revenues	\$ 201.9	\$ 128.4
Gross profit	\$ 67.2	\$ 61.7
Gross margin	33.3%	48.1%
Adjusted EBITDA ¹	\$ 48.9	\$ 44.5
Adjusted EBITDA margin ¹	24.2%	34.7%

	As at	
<i>(in millions of Canadian dollars, except for ratios)</i>	March 31, 2023	December 31, 2022
Backlog	\$ 1,232.4	\$ 1,378.2
Net debt ¹ to Adjusted TTM ² EBITDA ratio	1.2x	1.3x

¹ As defined in the 'Non-IFRS Financial Measures' section

² TTM: Trailing twelve months

REVENUES BY BUSINESS AREA

	First quarters ended	
<i>(in millions of Canadian dollars, except for ratios)</i>	March 31, 2023	March 31, 2022
Geointelligence	\$ 51.3	\$ 48.9
Robotics & Space Operations	62.9	42.4
Satellite Systems	87.7	37.1
Consolidated revenues	\$ 201.9	\$ 128.4

Revenues

Consolidated revenues for the first quarter of 2023 were \$201.9 million, representing an increase of \$73.5 million (or 57.2%) compared to the first quarter of 2022. The year over year increase in revenues was primarily driven by strong contributions from our Satellite Systems and Robotics & Space Operations businesses.

By business area, Q1 2023 revenues in Geointelligence of \$51.3 million represents an increase of \$2.4 million (or 4.9%) compared to Q1 2022, reflecting slightly higher volume of work related to the CSC program. Revenues in Robotics & Space Operations of \$62.9 million in Q1 2023 represents a \$20.5 million (or 48.3%) increase year over year, primarily driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems of \$87.7 million in the latest quarter were \$50.6 million (or 136.4%) higher compared to the same quarter in 2022. The revenue increase was driven by higher levels of activity on a number of programs including the Globalstar program which was awarded in Q1 2022.

Gross Profit and Gross Margin

Gross profit reflects our revenues less cost of revenues. Q1 2023 gross profit of \$67.2 million represents a \$5.5 million (or 8.9%) increase over Q1 2022, primarily driven by higher volume of work performed year over year, largely offset by \$16.8 million of higher ITCs recorded in Q1 2022 related to the resolution of historical claims. Excluding the impact of the historical ITC claims recognized in Q1 2022, gross profit increased by 49.7%. Gross margin in Q1 2023 was 33.3%, which is in line with our expectations as the Company's program mix evolves. Comparatively, gross margin in Q1 2022 was 48.1%, or 35.0% excluding the aforementioned impact of the historical ITC claims recognized in Q1 2022.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the first quarter of 2023 was \$48.9 million compared to \$44.5 million in Q1 2022, representing an increase of \$4.4 million (or 9.9%) year over year primarily driven by higher gross profit as we continue to execute on our backlog. Q1 2022 adjusted EBITDA included \$16.8 million of ITC income from the aforementioned resolution of historical ITC claims. When excluding the impact of the \$16.8 million historical ITC claims, adjusted EBITDA in the latest quarter was \$48.9 million compared to \$27.7 million in Q1 2022, representing an increase of \$21.2 million (or 76.5%) year over year. The \$21.2 million improvement is primarily driven by the net effect of an improvement in gross profit of \$22.3 million (exclusive of the impact of the historical claims resolution in Q1 2022).

Adjusted EBITDA margin was 24.2% in Q1 2023 compared to 34.7% in Q1 2022. Adjusted EBITDA margin excluding the previously noted historical ITC claims resolution was 24.2% in Q1 2023 compared to 21.6% in the prior quarter reflecting disciplined SG&A cost control.

Adjusted EBITDA, excluding historical ITCs claims resolution, is summarized below.

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2023	March 31, 2022
Adjusted EBITDA	\$ 48.9	\$ 44.5
ITCs claims resolution	—	(16.8)
Adjusted EBITDA, excluding ITCs claims resolution	\$ 48.9	\$ 27.7
Adjusted EBITDA margin, excluding ITCs claims resolution	24.2%	21.6%

Backlog

Backlog as at March 31, 2023 was \$1,232.4 million, a decrease of \$284.4 million compared to the backlog at March 31, 2022 driven by continued conversion of backlog into revenue and the booking of two sizeable awards in Q1 2022 (Globalstar and Canadarm3). The following table shows the build up of backlog for Q1 2023 as compared to the same period in 2022.

<i>(in millions of Canadian dollars)</i>	First quarters ended	
	March 31, 2023	March 31, 2022
Opening Backlog	\$ 1,378.2	\$ 864.3
Less: Revenue recognized	(201.9)	(128.4)
Add: Order Bookings	56.1	780.9
Ending Backlog	\$ 1,232.4	\$ 1,516.8

CONFERENCE CALL AND WEBCAST

MDA will host a conference call and webcast to discuss these financial results on Friday, May 12, 2023 at 8:30 a.m. ET. Interested parties can join the call by dialing 416-764-8609 (Toronto area) or 1-888-390-0605 (toll-free North America) or 080-0652-2435 (toll-free international) and entering the conference ID **97252249**. A live webcast of the conference call and an accompanying slide presentation will be available at <https://mda-en.investorroom.com/events-presentations>.

A replay of the conference will be archived on the MDA website following the call. Parties may also access a recording of the call which will be available until May 19, 2023, by dialing 1-888-390-0541 and entering the passcode 252249 #.

NON-IFRS FINANCIAL MEASURES

This press release refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, the measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including EBITDA, adjusted EBITDA, adjusted EBITDA margin, Order Bookings and Net Debt, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We define EBITDA as net income (loss) before: i) depreciation and amortization expenses, ii) provision for

(recovery of) income taxes, and iii) finance costs. Adjusted EBITDA is calculated by adding to and deducting from EBITDA, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including i) unrealized foreign exchange gain or loss ii) unrealized gain or loss on financial instruments and iii) share-based compensation expenses, and iv) other items that may arise from time to time. Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue. Order Bookings is the dollar sum of contract values of firm customer contracts. Order Bookings is indicative of firm future revenues; however, it does not provide a guarantee of future net income and provides no information about the timing of future revenue. Net Debt is the total carrying amount of long-term debt including current portions, as presented in the Q1 2023 Financial Statements, less cash (or plus bank indebtedness) and excluding any lease liabilities. Net Debt is a liquidity metric used to determine how well the Company can pay all of its debts if they were due immediately.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to the factors discussed under "Risk Factors" in the Company's Annual Information Form (AIF) dated March 23, 2023 and available on SEDAR at www.sedar.com. MDA does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

ABOUT MDA

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 2,700 staff 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. For more information about the Company, please visit www.mda.space.

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MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(In millions of Canadian dollars except per share figures)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue	\$ 201.9	\$ 128.4
Cost of revenue		
Materials, labour and subcontractors	(128.1)	(60.9)
Depreciation and amortization of assets	(6.6)	(5.8)
Gross profit	67.2	61.7
Operating expenses		
Selling, general and administration	(16.6)	(14.3)
Research and development, net	(10.1)	(8.5)
Amortization of intangible assets	(12.8)	(14.0)
Share-based compensation	(1.2)	(1.6)
Operating income	26.5	23.3
Other income (expenses)		
Unrealized loss on financial instruments	(0.5)	(5.3)
Foreign exchange gain (loss)	0.4	(2.2)
Finance costs	(2.2)	(4.3)
Income before taxes	24.2	11.5
Income tax expense	(8.1)	(3.1)
Net income	16.1	8.4
Other comprehensive income (loss)		
Gain (loss) on translation of foreign operations	(0.2)	0.4
Loss on cash flow hedges	(1.7)	—
Remeasurement gain on defined benefit plans	1.7	—
Total comprehensive income	\$ 15.9	\$ 8.8
Earnings per share:		
Basic	\$ 0.14	\$ 0.07
Diluted	0.13	0.07
Weighted-average common shares outstanding:		
Basic	119,074,498	118,691,628
Diluted	119,625,038	124,153,386

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Financial Position

March 31, 2023

(In millions of Canadian dollars)

As at	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash	\$ 67.9	\$ 39.3
Trade and other receivables	160.9	155.5
Unbilled receivables	117.6	121.0
Inventories	7.6	7.5
Income taxes receivable	22.6	35.1
Other current assets	19.2	19.8
	395.8	378.2
Non-current assets:		
Property, plant and equipment	262.0	235.1
Right-of-use assets	5.2	7.1
Intangible assets	547.6	552.4
Goodwill	419.9	419.9
Deferred income tax assets	18.0	19.1
Other non-current assets	158.6	139.0
Total assets	\$ 1,807.1	\$ 1,750.8
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 146.0	\$ 124.3
Income taxes payable	12.1	11.9
Contract liabilities	110.2	110.8
Current portion of net employee benefit payable	49.4	54.1
Current portion of lease liabilities	5.8	6.7
Other current liabilities	10.0	10.8
	333.5	318.6
Non-current liabilities:		
Net employee defined benefit payable	22.6	21.5
Lease liabilities	0.6	1.6
Long-term debt	268.7	243.6
Deferred income tax liabilities	162.6	163.8
Other non-current liabilities	1.0	1.1
Total liabilities	789.0	750.2
Shareholders' equity		
Common shares	952.1	951.6
Contributed surplus	26.1	25.0
Accumulated other comprehensive income	13.9	14.1
Retained earnings	26.0	9.9
Total equity	1,018.1	1,000.6
Total liabilities and equity	\$ 1,807.1	\$ 1,750.8

MDA LTD.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, 2023 and 2022

(In millions of Canadian dollars)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities		
Net income	\$ 16.1	\$ 8.4
Adjustments:		
Income tax expense	8.1	3.1
Depreciation of property, plant and equipment	2.8	2.5
Depreciation of right-of-use assets	2.0	2.1
Amortization of intangible assets	14.6	15.2
Share-based compensation expense	1.2	1.6
Investment tax credits accrued during the period	(7.1)	(22.7)
Finance costs	2.2	4.3
Unrealized loss on financial instruments	0.5	5.3
Changes in operating assets and liabilities	9.1	(5.1)
	49.5	14.7
Interest paid	(4.0)	(0.6)
Income tax recovered	0.3	0.6
Net cash from operating activities	45.8	14.7
Cash flows from investing activities		
Purchases/construction of property and equipment	(29.7)	(24.9)
Purchases/development of intangible assets	(10.8)	(12.2)
Net cash used in investing activities	(40.5)	(37.1)
Cash flows from financing activities		
Borrowings from senior credit facility	25.0	—
Payment of lease liability (principal portion)	(1.9)	(2.1)
Proceeds from stock options exercised	0.4	—
Net cash provided by (used in) financing activities	23.5	(2.1)
Net increase (decrease) in cash	28.8	(24.5)
Net foreign exchange differences on cash	(0.2)	0.4
Cash, beginning of period	39.3	83.6
Cash, end of period	\$ 67.9	\$ 59.5

RECONCILIATION OF NON-IFRS MEASURES

The following table provides a reconciliation of net income to EBITDA and adjusted EBITDA:

	First quarters ended	
<i>(in millions of Canadian dollars)</i>	March 31, 2023	March 31, 2022
Net income	\$ 16.1	\$ 8.4
Depreciation and amortization	6.6	5.8
Amortization of intangible assets	12.8	14.0
Income tax expense	8.1	3.1
Finance costs	2.2	4.3
EBITDA	\$ 45.8	\$ 35.6
Unrealized foreign exchange loss	1.4	2.0
Unrealized loss on financial instruments	0.5	5.3
Share based compensation	1.2	1.6
Adjusted EBITDA	\$ 48.9	\$ 44.5
Adjusted EBITDA margin	24.2%	34.7%