

NEWS RELEASE

MDA REPORTS THIRD QUARTER 2022 RESULTS

- *Strong top line growth with revenues of \$172.0 million in Q3 2022, up 55% YoY*
- *Solid profitability with adjusted EBITDA of \$38.8 million in Q3 2022, up 22% YoY*
- *Robust adjusted EBITDA margin of 22.6% in Q3 2022*
- *Healthy backlog of \$1.4 billion at quarter end, up 70% YoY*
- *Updated 2022 full-year financial outlook*
 - *Reaffirmed revenue range of \$630-\$650 million*
 - *Raised adjusted EBITDA range to \$130-\$135 million (from \$120-\$130 million prior)*
 - *Narrowed capital expenditures range to \$180-\$195 million (from \$180-\$220 million prior)*

Brampton, Ontario (November 11, 2022) -- 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 third quarter ended September 30, 2022.

“In Q3, focused execution by the MDA team delivered another quarter of strong performance with impressive revenue growth across our businesses and solid profitability. In line with our expectations, we are seeing steady progression in our top and bottom line as we convert our healthy backlog by meeting customer commitments,” said Mike Greenley, Chief Executive Officer of MDA.

“We also continued to see new customer contracts in line with our growth-focused strategy including multiple awards in Satellite Systems to support US government programs, and a second contract from Axiom Space to deliver commercial products derived from Canadarm3 technology in Robotics and Space Operations. Our opportunity funnel remains strong across all of our businesses, positioning MDA to further capitalize on strong growth in our end markets.”

Q3 2022 HIGHLIGHTS

- Q3 revenues of \$172.0 million were up 55% YoY driven by higher revenues across our three business areas with strong contributions from Satellite Systems and Robotics & Space Operations businesses.
- Adjusted EBITDA of \$38.8 million in Q3 2022 was up 22% YoY driven by higher volumes across our businesses.
 - Excluding the impact of the Canada Emergency Wage Subsidy (CEWS) income received in Q3 2021 which was not repeated in Q3 2022, adjusted EBITDA was \$38.8 million in the current quarter, compared to \$22.7 million in Q3 2021 (up 71% YoY). Adjusted EBITDA margin was 22.6% in Q3 2022 compared to 20.4% in Q3 2021 reflecting strong execution and operating performance.
- Backlog of \$1.4 billion was up 70% YoY driven by sizeable awards in the first half of 2022 including Globalstar’s LEO constellation (~\$415 million), and Phase B of Canadarm3 (\$269 million).
- Operating cash flow of \$7.0 million in Q3 2022 compared to cash usage of \$0.5 million in Q3 2021, the year-over-year increase was driven by higher net income and the timing of working capital requirements in Q3 2022 versus the prior quarter.
- Healthy financial position with net debt to adjusted EBITDA ratio of 1.3x at quarter end.

2022 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 growing our share of the constellation market and developing digital satellite technologies, maintaining our global leadership in space robotics and exploration mission solutions and leveraging our technologies for emerging commercial opportunities, and expanding our market leadership in Geointelligence through the development of our CHORUS Earth observation constellation. We are making good progress against our long term plan.

Underlying customer demand continues to be strong and market activity remains robust. Our significant growth pipeline is underpinned by existing contract awards of key programs and our book of business remains healthy. We see activities ramping up in line with our expectations on the majority of our programs, and are encouraged by the team's solid execution. We continue to closely monitor developments related to supply chain disruptions, and are taking pro-active measures across our three business areas to mitigate the impact on our operations to the extent possible.

We are reaffirming our 2022 revenue outlook and expect full year revenues to be \$630 – \$650 million, representing robust year over year growth of approximately 30% – 35%. We are raising our 2022 adjusted EBITDA guidance to \$130 – \$135 million from \$120 – \$130 million previously to reflect continued strong execution and operating performance. The adjusted EBITDA forecast excludes the \$16.8 million amount reported in Q1 2022 related to the resolution of historical ITC claims. We are narrowing our 2022 capital expenditures range to \$180 – \$195 million, down from the prior guidance of \$180 – \$220 million, primarily comprising of growth investments to support CHORUS and the previously outlined growth initiatives across our three business areas.

FINANCIAL OVERVIEW

KEY INDICATORS SUMMARY

<i>(in millions of Canadian dollars, except for ratios)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 172.0	\$ 111.3	\$ 455.1	\$ 361.4
Gross profit	\$ 56.4	\$ 39.4	\$ 169.5	\$ 122.4
Gross margin	32.8%	35.4%	37.2%	33.9%
Adjusted EBITDA ⁽¹⁾	\$ 38.8	\$ 31.8	\$ 118.0	\$ 110.3
Adjusted EBITDA margin	22.6%	28.6%	25.9%	30.5%
				As at
<i>(in millions of Canadian dollars, except for ratios)</i>	September 30, 2022		December 31, 2021	
Backlog	\$ 1,405.1		\$ 864.3	
Net debt ⁽¹⁾ to Adjusted TTM ⁽²⁾ EBITDA ratio	1.3x		0.4x	

⁽¹⁾ As defined in the 'Non-IFRS Financial Measures' section; ⁽²⁾ TTM: trailing twelve months

REVENUES BY BUSINESS AREA

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Geointelligence	\$ 45.5	\$ 40.7	\$ 141.4	\$ 137.9
Robotics & Space Operations	54.6	33.1	145.8	103.0
Satellite Systems	71.9	37.5	167.9	120.5
Consolidated revenues	\$ 172.0	\$ 111.3	\$ 455.1	\$ 361.4

Revenues

Consolidated revenues for the third quarter of 2022 were \$172.0 million, representing an increase of \$60.7 million (or 54.5%) compared to the third quarter of 2021. The year over year increase in revenues was driven by higher revenues across our three business areas with strong contributions from our Satellite Systems and Robotics & Space Operations businesses.

By business area, Q3 2022 revenues in Geointelligence of \$45.5 million represents an increase of \$4.8 million (or 11.8%) compared to Q3 2021 driven by higher volumes in our EO business and modest ramp up in the CSC program. Revenues in Robotics & Space Operations of \$54.6 million in Q3 2022 represents a \$21.5 million (or 65.0%) increase year over year, primarily driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems of \$71.9 million in the latest quarter were \$34.4 million (or 91.7%) higher compared to the same quarter in 2021. The revenue increase was driven by higher levels of activity as new programs ramp up including the Globalstar program which was awarded in Q1 2022.

For the nine months ended September 30, 2022, consolidated revenues were \$455.1 million which were \$93.7 million (or 25.9%) higher than the same period in 2021. The increase in revenues was primarily driven by execution on our opening backlog as well as orders added to backlog in 2022, primarily in our Satellite Systems and Robotics & Space Operations businesses.

By business area, consolidated year to date revenues in Geointelligence of \$141.4 million were largely in line with revenues of \$137.9 million over the same period in 2021. Year to date revenues in Robotics & Space Operations of \$145.8 million in Q3 2022 represents a \$42.8 million (or 41.6%) increase year over year, largely driven by the ramp up of work performed on the Canadarm3 program since the beginning of 2022. Year to date revenues in Satellite Systems of \$167.9 million was \$47.4 million (or 39.3%) higher compared to the same period in 2021 driven by higher volumes on new programs including the Globalstar program.

Gross Profit and Gross Margin

Gross profit reflects our revenues less cost of revenues. Q3 2022 gross profit of \$56.4 million represents a \$17.0 million (or 43.1%) increase over 2021, primarily driven by higher volume of work performed year over year. Gross margin in Q3 2022 was 32.8% compared to 35.4% for the same period in 2021 as a result of the Company's evolving program mix.

For the nine months ended September 30, 2022, gross profit of \$169.5 million represents a \$47.1 million (or 38.5%) increase over 2021. The increase is driven by higher work volume year over year coupled with higher Investment Tax Credits (ITCs) income recognized which contributed \$29.0 million of the increase. Of the higher ITC income recognized in 2022, \$16.8 million relates to a resolution of historical claims which were recognized in Q1 2022. These ITCs originated from prior years but were not recognized previously due to the uncertainty around the eligibility of the related costs. Year to date gross margin of 37.2% represents a 338 bps improvement compared to 2021.

The improvement is largely driven by the aforementioned \$16.8 million resolution of historical ITC claims. Excluding the impact of these ITCs, year to date gross margin was 33.6% in 2022, largely in line with year to date gross margin of 33.9% in 2021.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the third quarter of 2022 was \$38.8 million compared to \$31.8 million in Q3 2021, representing an increase of \$7.0 million (or 22.0%) year over year. Adjusted EBITDA margin was 22.6% in Q3 2022 compared to 28.6% in Q3 2021. The decrease in adjusted EBITDA margin is primarily attributable to the elimination of government grant income related to Canada Emergency Wage Subsidy (CEWS) in 2022. In the third quarter of 2022, no CEWS amount was recognized compared to \$9.1 million which was recognized in Q3 2021.

Excluding the impact of CEWS income contributions, adjusted EBITDA in Q3 2022 of \$38.8 million represents an increase of \$16.1 million (or 70.9%) compared to Q3 2021, which is largely attributable to higher work volume year over year. Adjusted EBITDA margin was 22.6% in Q3 2022 compared to 20.4% in Q3 2021, reflecting strong execution and operating performance.

For the nine months ended September 30, 2022, adjusted EBITDA was \$118.0 million which was \$7.7 million (or 7.0%) higher than the same period in 2021. The year to date adjusted EBITDA in 2022 included \$16.8 million of ITC income from the aforementioned resolution of historical claims, while the year to date adjusted EBITDA in 2021 included \$24.0 million of CEWS income.

Excluding the impact of the ITCs claims resolution in 2022 and the CEWS income contribution in 2021, adjusted EBITDA improved to \$101.2 million in 2022 from \$86.3 million in 2021. The increase of \$14.9 million is primarily the net effect of an improvement in gross profit of \$30.3 million (exclusive of the impact of the historical claims resolution in Q1 2022) offset by increased R&D expenses of \$12.2 million and increased SG&A expenses of \$2.4 million. Year to date adjusted EBITDA margin was 22.2% in 2022 compared to 23.9% in 2021, largely driven by increased R&D activity year over year as the Company ramps up investment in the aforementioned growth initiatives.

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

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Adjusted EBITDA	\$ 38.8	\$ 31.8	\$ 118.0	\$ 110.3
CEWS income	—	(9.1)	—	(24.0)
ITCs claims resolution	—	—	(16.8)	—
Adjusted EBITDA, excluding CEWS and ITCs claims resolution	\$ 38.8	\$ 22.7	\$ 101.2	\$ 86.3
Adjusted EBITDA margin, excluding CEWS and ITCs claims resolution	22.6%	20.4%	22.2%	23.9%

Backlog

Backlog as at September 30, 2022 was \$1,405.1 million, an increase of \$540.8 million compared to the backlog at December 31, 2021. The following table shows the build up of backlog for Q3 and the nine months ended September 30, 2022 as compared to the same periods in 2021.

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Opening Backlog	\$ 1,520.8	\$ 640.0	\$ 864.3	\$ 562.5
Less: Revenue recognized	(172.0)	(111.3)	(455.1)	(361.4)
Add: Order Bookings	56.3	300.2	995.9	627.8
Ending Backlog	\$ 1,405.1	\$ 828.9	\$ 1,405.1	\$ 828.9

CONFERENCE CALL AND WEBCAST

MDA will host a conference call and webcast to discuss these financial results on Friday, November 11, 2022 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 **32608446**. 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 November 18, 2022, by dialing 1-888-390-0541 and entering the passcode 608446 #.

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 Q3 2022 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 17, 2022 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 2,500 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 Operations and Comprehensive Income

For the three and nine months ended September 30, 2022 and 2021

(In millions of Canadian dollars except per share figures)

	Three months		Nine months	
	2022	2021	2022	2021
Revenue	\$ 172.0	\$ 111.3	\$ 455.1	\$ 361.4
Cost of revenue				
Materials, labour and subcontractors	(109.8)	(66.1)	(268.2)	(221.6)
Depreciation and amortization of assets	(5.8)	(5.8)	(17.4)	(17.4)
Gross profit	56.4	39.4	169.5	122.4
Operating expenses				
Selling, general and administration	(15.5)	(15.1)	(43.6)	(41.2)
Research and development, net	(7.8)	(7.5)	(25.0)	(12.8)
Amortization of intangible assets	(12.8)	(13.9)	(39.7)	(42.3)
Share-based compensation	(2.5)	(2.3)	(5.5)	(9.6)
Operating income	17.8	0.6	55.7	16.5
Other income (expenses)				
Government grant income	—	9.1	—	24.0
Unrealized gain (loss) on financial instruments	0.3	1.5	(9.1)	1.3
Foreign exchange gain (loss)	5.6	2.9	5.5	(2.0)
Finance costs	(2.4)	(5.7)	(31.4)	(30.0)
Other	—	—	—	0.9
Income before income taxes	21.3	8.4	20.7	10.7
Income tax expense	(3.4)	(4.4)	(3.2)	(8.4)
Net income	17.9	4.0	17.5	2.3
Other comprehensive income				
Gain on translation of foreign operations	0.5	0.1	1.0	1.1
Remeasurement gain (loss) on defined benefit plans	(1.2)	—	16.6	—
Total comprehensive income	\$ 17.2	\$ 4.1	\$ 35.1	\$ 3.4
Earnings per share:				
Basic	\$ 0.15	\$ 0.03	\$ 0.15	\$ 0.02
Diluted	0.15	0.03	0.14	0.02
Weighted-average common shares outstanding:				
Basic	118,942,451	118,691,628	118,776,154	106,137,609
Diluted	122,528,404	128,492,429	122,085,504	113,578,887

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Financial Position

September 30, 2022

(In millions of Canadian dollars)

As at	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and equivalents	\$ —	\$ 83.6
Trade and other receivables	151.4	92.6
Unbilled receivables	120.8	83.7
Inventories	7.6	8.0
Income taxes receivable	20.3	13.1
Other current assets	19.4	12.8
	319.5	293.8
Non-current assets:		
Property, plant and equipment	200.7	109.9
Right-of-use assets	9.0	14.8
Intangible assets	557.9	571.2
Goodwill	419.9	419.9
Deferred income tax assets	21.6	19.3
Other non-current assets	143.8	105.7
Total assets	\$ 1,672.4	\$ 1,534.6
Liabilities and shareholders' equity		
Current liabilities:		
Bank indebtedness	\$ 1.1	\$ —
Accounts payable and accrued liabilities	110.2	71.3
Income taxes payable	12.4	11.8
Contract liabilities	118.3	91.5
Current portion of net employee benefit payable	40.0	38.8
Current portion of lease liabilities	7.7	7.9
Other current liabilities	3.3	4.6
	293.0	225.9
Non-current liabilities:		
Net employee defined benefit payable	22.7	33.8
Lease liabilities	2.5	7.8
Long-term debt	193.5	144.7
Deferred income tax liabilities	158.0	158.4
Other non-current liabilities	2.0	2.3
Total liabilities	671.7	572.9
Shareholders' equity		
Common shares	951.5	950.7
Contributed surplus	22.0	16.9
Accumulated other comprehensive income	26.1	8.5
Retained earnings (deficit)	1.1	(14.4)
Total equity	1,000.7	961.7
Total liabilities and equity	\$ 1,672.4	\$ 1,534.6

MDA Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the three and nine months ended September 30, 2022 and 2021

(In millions of Canadian dollars)

	Three months		Nine months	
	2022	2021	2022	2021
Cash flows from operating activities				
Net income	\$ 17.9	\$ 4.0	\$ 17.5	\$ 2.3
Items not affecting cash:				
Income tax expense	3.4	4.4	3.2	8.4
Depreciation of property, plant and equipment	2.3	2.3	7.2	6.1
Depreciation of right-of-use assets	2.1	2.2	6.2	7.9
Amortization of intangible assets	14.2	15.2	43.7	45.7
Share-based compensation expense	2.5	2.3	5.5	9.6
Investment tax credits accrued during the period	(10.7)	(4.1)	(42.3)	(13.3)
Finance costs	2.4	5.7	31.4	30.0
	(0.3)	(1.5)	9.1	(1.3)
Changes in operating assets and liabilities	(21.9)	(30.3)	(47.9)	(48.8)
Interest paid	(2.9)	(1.1)	(13.9)	(15.5)
Income tax received (paid)	(2.0)	0.4	(3.0)	0.3
Net cash from (used in) operating activities	7.0	(0.5)	16.7	31.4
Cash flows from investing activities				
Purchases of property and equipment	(32.9)	(25.7)	(100.6)	(30.2)
Purchase/development of intangible assets	(8.0)	(4.6)	(32.4)	(27.4)
Proceeds from disposal of assets	—	2.0	—	2.0
Net cash used in investing activities	(40.9)	(28.3)	(133.0)	(55.6)
Cash flows from financing activities				
Repayment of second lien notes	—	—	(150.0)	(424.1)
Borrowings from senior credit facility	25.0	—	195.0	—
Transaction costs incurred on debt refinancing	—	—	(8.9)	—
Payment of lease liability (principal portion)	(1.9)	(2.2)	(5.9)	(6.0)
Proceeds from stock options exercised	0.4	—	0.4	—
Proceeds from issuance of shares, net of costs	—	—	—	462.6
Net cash provided by (used in) financing activities	23.5	(2.2)	30.6	32.5
Net increase (decrease) in cash and cash equivalents	(10.4)	(31.0)	(85.7)	8.3
Net foreign exchange differences on cash	0.5	0.1	1.0	1.1
Cash and cash equivalents, beginning of period	8.8	118.9	83.6	78.6
Cash and cash equivalents (bank indebtedness), end of period	\$ (1.1)	\$ 88.0	\$ (1.1)	\$ 88.0

RECONCILIATION OF NON-IFRS MEASURES

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

<i>(in millions of Canadian dollars)</i>	Third Quarters Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net income	\$ 17.9	\$ 4.0	\$ 17.5	\$ 2.3
Depreciation and amortization	5.8	5.8	17.4	17.4
Amortization of intangible assets	12.8	13.9	39.7	42.3
Income tax expense	3.4	4.4	3.2	8.4
Finance costs	2.4	5.7	31.4	30.0
EBITDA	\$ 42.3	\$ 33.8	\$ 109.2	\$ 100.4
Unrealized foreign exchange loss (gain)	(5.7)	(2.8)	(5.8)	2.5
Unrealized loss (gain) on financial instruments	(0.3)	(1.5)	9.1	(1.3)
Restructuring provision reversal	—	—	—	(0.9)
Share based compensation	2.5	2.3	5.5	9.6
Adjusted EBITDA	\$ 38.8	\$ 31.8	\$ 118.0	\$ 110.3