MDA LTD.

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2021

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Management's Discussion And Analysis

March 17, 2022

*The following Management's Discussion and Analysis ("**MD&A**") provides information management believes is relevant to an assessment and understanding of the consolidated operating results and consolidated financial condition of MDA Ltd. (the "Company", "we", or "MDA") as at and for the year ended December 31, 2021. The MD&A should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the Company's audited consolidated financial statements as at and for the year ended December 31, 2021 ("**2021 Audited Financial Statements**") filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. All dollar amounts are expressed in Canadian Dollars ("**CAD**") except where otherwise specified and all numbers are in millions, unless otherwise specified or for per share amounts or ratios. References to "Q4 2021", "this quarter", or "the quarter" are to the unaudited fiscal quarter ended December 31, 2021 and references to "Q4 2020" are to the unaudited fiscal quarter ended December 31, 2020. References to "2020", "prior year", or "comparative year" includes activity of the Predecessor (as defined the glossary of terms) for the period from January 1, 2020 to April 7, 2020. These figures were not included in the 2021 Audited Financial Statements. The construction of the December 31, 2020 figures is presented in the section entitled "Calendar 2020 Construction".*

CAUTIONARY STATEMENT REGARDING 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 "Industry Trends", "Outlook", "Growth Strategies" and "Financial Overview" 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, among others, 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. 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. For additional information with respect to certain of these risks or factors, reference should be made to those described in this MD&A and listed under the heading "Risk Factors" and to the 2021 Audited Financial Statements, as well as those described in the Company's Annual Information Form (AIF) available on SEDAR at www.sedar.com.

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.

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 EBITDA, Adjusted EBITDA, 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 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 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.

Order Bookings

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

Net Debt is the total carrying amount of long-term debt, as presented in the 2021 Audited Financial Statements, less cash. Net Debt is a liquidity metric used to determine how well the Company can pay all of its debts if they were due immediately.

COMPANY OVERVIEW

We are an advanced technology and service provider to the burgeoning global space industry and play a critical role in enabling space-based connectivity, enhanced earth observation and exploration and habitation of space. 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 government agencies, prime contractors, and emerging space companies worldwide.

Today we employ over 2,400 staff spread across Canada, the UK, and the USA. We are differentiated by factors including our long track record of success and innovation in space; our profitable operations; the breadth of our customer relationships; our experienced team of engineers averaging over 9 years of tenure with the Company; some of the highest quality equipment and resources in the industry; and MDA's world class portfolio of successful projects, technologies, and patents.

Through 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 provide end-to-end solutions and services related to Earth Observation (EO) and defence intelligence systems. 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 maritime surveillance. We own and operate worldwide commercial data distribution for MDA's own satellite (RADARSAT-2) and act as a distributor for many other third party missions. 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. Our innovative technologies are used for exploration mobility, space manipulation, control and autonomy, perception, robotic interfaces, vision and landing sensor systems, and on-orbit servicing.

In **Satellite Systems**, we provide systems and subsystems (including antennas, payloads and electronics) used in LEO (low earth orbit), MEO (medium earth orbit), and GEO (geosynchronous orbit) satellites for commercial and government customers worldwide. Our robotics based manufacturing environment enables us to offer high volume production capabilities for satellite constellations. Our solutions enable space-based services, including next generation communication technologies designed to deliver 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.

COMPETITIVE STRENGTHS

As a leader in the space economy with a proven track record, we are well positioned to provide innovative, mission critical solutions to a wide range of customers. Our key competitive strengths include:

Full Mission Expertise and Advanced Technologies Tailored for the New Space Economy

We provide a cutting edge, end-to-end offering of technologies and solutions in each of our business areas. This differentiated full mission expertise enables us to deliver a seamless solution to customers in the fast-paced new space economy.

- In Geointelligence, we own and operate one of the world's most technologically sophisticated, taskable wide area SAR satellites (RADARSAT-2) and have developed one of the world's largest multi-sensor ground station networks. Our ability to provide actionable information in near real-time through this integrated solution offering differentiates us from competitors who lack a fully integrated solution.

- In Robotics & Space Operations, we possess industry leading and end-to-end technological capabilities underscored by a rich patent portfolio and extensive on-orbit operational expertise. These technological capabilities enable us to provide mission critical solutions for advanced space applications including space station operations, on-orbit servicing, in-space manufacturing and assembly, space tourism, and space mining.
- In Satellite Systems, we have high volume assembly, integration, and testing facilities with differentiated technologies and expertise across the full spectrum of electromagnetic bands. These facilities, technologies, and expertise enable us to deliver customized solutions and aftermarket and replacement services at a pace that we believe is faster than our competitors. They are also critical in enabling us to address next generation space-based missions for broadband communications, IoT applications and 5G mobile services.

Many of our competitors possess expertise for a portion of a mission, but lack full end-to-end capabilities. Emerging space companies with new business models seek out MDA as a development partner because our technology and solutions offerings seamlessly enable their mission from early engineering, construction, and launch to servicing and replacement.

Scalable Organizational Infrastructure

Our organizational structure and entrepreneurial culture enable us to respond rapidly to customer needs and market trends across all our business areas. We have significant scale with over 500,000 square feet of design, laboratories, manufacturing, and test facilities and the support of a supply chain of over 500 proven contractors. This provides us with the engineering capabilities necessary to deliver on large and complex missions, in a way that smaller emerging space companies may be unable to manage. The combination of our agility and scale positions us to service both emerging space companies that require fast and cost-efficient solutions as well as large commercial and government customers that require customization and high volume capabilities.

Trusted Partner with a Strong Track Record of Execution

Our reputation and track record for delivering mission critical solutions provides customers with confidence that we will enable the successful completion of their mission. The confidence we instill in our customers drives new business wins, and represents a powerful advantage that would take years for less experienced competitors to develop. Our reputational advantage is illustrated by our work for OneWeb on its 648 satellite LEO constellation. OneWeb sought out our assistance to develop the design requirements and then manufacture the components for their constellation due to our exemplary performance on the O3B communications constellation we completed for SES.

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. Our primary strategic initiatives include:

- **Expanding Market Leadership in Geointelligence** – we are currently developing our next industry leading EO mission named CHORUS that is expected to provide the broadest SAR area coverage on the market with cloud-enabled ground infrastructure to provide best in class download times. The mission is expected to also include a trailing high-resolution X-band SAR satellite which enhances target monitoring performance and unlocks new use cases, including tipping and cueing techniques that allow MDA's leading broad area sensor to monitor an area of interest (the "tip") and to zoom in on the objects of interest (the "cue") using the trailing high-resolution sensor;

- **Deepening Constellation Market Share** – we are expanding our high volume production capacity by investing in new satellite manufacturing facilities and modernizing existing facilities with-state-of-the-art digital capability to enable us to better service the expanding LEO satellite market. In addition to supporting high volume requirements, these modernized and scaled capabilities give us the capacity to capture incremental aftermarket and replacement services revenues, driven by the short lifespan of LEO satellites;
- **Developing Digital Solutions for Satellite Communications Industry** – we are further developing our digital satellite technologies to support the transition from analog to digital payloads for both LEO and GEO satellites by providing customized digital payload solutions for specific applications, including 5G backhaul and rural broadband. This will enable us to offer critical solutions to satellite manufactures that lack digital payload capabilities;
- **Maximizing Robotics & Space Mission Participation** – we are investing to maintain our global leadership in space robotics and exploration mission solutions and leveraging our technologies and capabilities for emerging commercial on-orbit servicing applications. We intend to develop a portfolio of pre-qualified and multipurpose space robotics components, including sensors, autonomous robotics, and space manipulators to be used in debris removal, on-orbit satellite servicing, and in-space assembly applications; and
- **Utilizing Strategic M&A to Complement Organic Growth** – we are continuously evaluating acquisition opportunities that can complement our organic growth strategy and enhance our offering. Our M&A strategy has three pillars: (i) deepen existing capabilities and our domain expertise; (ii) accelerate our technology roadmap to support strategic initiatives and our expansion into market adjacencies; and (iii) deepen and expand our presence in international geographies to access new market sectors and customers.

BUSINESS AREAS

We sell our products and services into three end markets which include Geointelligence, Robotics & Space Operations and Satellite Systems. Below is a brief description of each business area.

GEOINTELLIGENCE

In Geointelligence, we provide end-to-end solutions and services related to EO and intelligence systems. We use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of end uses, including in the areas of national security, climate change monitoring and global commerce.

Our EO business includes the collection, processing and dissemination of Earth imagery data from space. As the operator and owner of global commercial data distribution for the RADARSAT-2 satellite, we are one of the largest radar information providers worldwide. Our extensive data archive is comprised of approximately 70 billion square kilometers of Earth imagery data. We also distribute high resolution optical imagery and satellite-based Automatic Identification System (AIS) data from many other third party missions. Our imagery solutions provide customers with timely, accurate and mission-critical information about our changing planet and support a wide variety of uses and sectors, including defence and intelligence, energy and natural resources, industrials, agriculture and forestry, public authorities, services and weather.

We also provide geospatial services that combine imagery, contextual information, analytic expertise and innovative technology to deliver integrated intelligence solutions to customers. MDA provides analytic solutions that document change and enable geospatial modeling and analysis that is intended to predict where events will occur to help customers protect lives and make resource allocation decisions.

The largest market for our EO data and services is maritime surveillance. Government and commercial organizations rely on us for mission critical real-time data to track maritime activity, visualize maritime crime patterns, identify and monitor illegal, unreported and unregulated fishing, track ice floes, shorelines and ocean winds, detect possible oil spills and monitor vessels. We have been a leading provider of these mission critical services for over 25 years and play an integral role in our customers' surveillance strategies.

Our end-to-end solutions include a full range of multi-satellite ground stations that receive, process, distribute, archive, and exploit imagery from RADARSAT-2 and other satellites. We have installed more than 70 receiving ground stations in more than 25 different countries, which process data from over 20 different satellites. The intelligence provided through our ground stations supports a broad range of applications, including national security, maritime transportation, urban development, land use, resource management, environmental monitoring, defence operations, law enforcement and mapping.

MDA also provides a number of defence information solutions, including command and control systems and airborne surveillance solutions. We are the original solution provider of many of these systems. The Company provides advanced aeronautical navigation information solutions that increase safety and efficiency of aircraft landings and departures, supporting the next generation of air traffic management. We also operate a long endurance unmanned aerial vehicle (UAV) surveillance service that provides real-time, multi-sensor intelligence to support critical operations.

We are currently developing CHORUS (formerly known as SARnext), a next-generation radar satellite system that will provide data continuity for RADARSAT-2 and is expected to enhance our EO solutions offering. CHORUS 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 CHORUS offering. These expanded capabilities will grow our customer base and drive increased revenue from existing customers by providing additional services.

- **Key Program – Canadian Surface Combatant (CSC):** One of our key defence intelligence programs is our execution on the Canadian Surface Combatant (CSC) project. 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 MDA. We plan to 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.

ROBOTICS & SPACE OPERATIONS

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. Our industry leading, end-to-end design and operations capabilities are critical for advanced space applications including space station operations, on-orbit servicing, manufacturing and assembly, space tourism and space mining.

Our products include: electro-optic and LiDAR sensors, robotic interfaces, robotic arms, tooling, robotic ground stations, vision and targeting systems, guidance/navigation/control subsystems, and rover locomotion subsystems.

Demand for space robotics and mission-support services is primarily driven by International Space Station (ISS) activities and lunar and deep space exploration. The increase in the number of satellites and other spacecraft is driving demand for emerging solutions in on-orbit servicing (e.g., the upgrade and repair, relocation and refueling of satellites in orbit) and manufacturing. We have a long history in space robotics, having developed the Canadarms for NASA's Space Shuttle program, and Canadarm2, which is currently in service on the ISS. We have provided robotics on over 100 space shuttle missions and sensors, which supported 49 space shuttle and ISS missions, and have supported Canadarm, Canadarm2 and Dextre (a space robotic system also known as the Special Purpose Dexterous Manipulator) operations on the ISS for the past 20 years.

We designed and built Orbital Express, the robotics system that enabled the world's first autonomous on-orbit servicing demonstration and have developed full interface solutions for on-orbit refueling for most western nation satellites in GEO. We are now engaging in future missions for on-orbit assembly where our technology and on-orbit experience provide the foundation to deliver innovative solutions for space infrastructure assembly and maintenance, including the autonomous construction of human habitats in space.

Our LiDAR sensors are critical to rendezvous, docking, inspection, and landing activities as part of on-orbit and planetary missions. These sensors are used today to dock spacecraft with the ISS and next generation versions will be used to land spacecraft on the Moon and Mars. Our sensors and robotics, including the ExoMars Rover, the Phoenix Lander and the Curiosity Rover, have been operational on Mars for over 12 years. We built the LiDAR instrument for the OSIRIS-Rex mission that completed the world's first 3D scan of an asteroid from an orbiting spacecraft.

We also develop commercial space robotic solutions that serve the needs of the new space market. Our products and services support logistics delivery, satellite servicing, debris removal, relocation of assets and infrastructure maintenance. We have developed integrated space robotic systems, technologies, interfaces, tools, operational techniques, and control algorithms to enable the commercial space opportunity of on-orbit servicing using strategic intellectual property developed through years of R&D activities.

- **Key Program – 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.

SATELLITE SYSTEMS

In Satellite Systems, we provide components and spacecraft to enable space-based services, including next generation communication technologies that will deliver space-based broadband Internet connectivity from LEO satellite constellations and solutions across the full communication frequency band.

We are a prime contractor and a supplier of satellite systems and sub-systems used in LEO, MEO and GEO satellites for commercial and government customers worldwide, including antennas, electronics and payloads. Our antenna products include L-band arrays, C and Ku reflector antennas, Ka band multi-beam antennas, steerable antennas, and LEO/MEO constellation antennas. Our electronics products include command and control, onboard signal processing, single board computers, frequency generation, frequency convertors, amplifiers, and power conditioners. Our payload products and services include communication payload design, manufacturing, integration and verification solutions for customers.

Payloads are the core business functionality of a satellite. For example, in an EO satellite, the payload is its cameras or radar system that will observe the Earth. In a communications satellite, the payload is its communication solution. The payload enables the satellite to fulfill its objectives. MDA delivers full payload systems, together with antennas and electronic products, and provides engineering support and services in connection with the integration and operation of the satellite.

We have provided satellite subsystems to enable next generation communication constellations such as O3B, Iridium Next, and OneWeb. To support our customers, MDA has continually adapted its satellite manufacturing base, which now includes fourth generation robotics-based technologies capable of manufacturing dozens of small satellites and satellite sub-systems each month. MDA technology has been integrated into more than 350 satellite missions to date, with more than 2,000 antenna subsystems and 3,000 electronic subsystems on approximately 850 satellites currently in orbit.

We have high-volume production capability for large satellite constellations. Our Satellite Systems facility in Sainte-Anne-de-Bellevue, Quebec, contains one of the largest compact ranges for satellite testing in the world, one of the largest near field ranges in the world, a wide range of thermal, environmental, PIM, and vibration test facilities, and a recently established fourth generation manufacturing environment employing robotic assembly to produce high volume LEO satellite systems.

We are also developing a range of digital payload components (e.g., channelizer, on-board processor, active antennas) to address the industry transition from analog satellites to digital satellites. MDA has a proven Software Defined Radio (SDR) capability for space based communication solutions, with current contracts including the Power and Propulsion Element (PPE) module on the Lunar Gateway.

- **Key Program – Telesat Lightspeed:** In February 2021, Telesat announced that MDA has been selected for a major role on its upcoming Telesat Lightspeed LEO constellation program. MDA will develop the Direct Radiating Array (DRA). 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 MDA 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 MDA. Telesat also has a registered license for an additional 1,300 LEO satellites, which could potentially represent a multi-billion dollar future opportunity to MDA. In November, 2021, Telesat announced delays to the Lightspeed program resulting from supply chain disruptions; Telesat is currently working with its suppliers including MDA to finalize the program schedule.
- **Key Program – Globalstar LEO Constellation Expansion:** In February 2022, Globalstar Inc. (Globalstar) announced that MDA has been selected as the prime contractor for Globalstar’s new LEO satellites. Globalstar is a leading provider of Mobile Satellite Services including customizable satellite IoT solutions for individuals and businesses globally. The contract, valued at $327 million USD (~$415 million CAD) includes the design, manufacture, assembly and test of 17 satellites, with options for Globalstar to purchase up to nine additional satellites. The satellites built by MDA will integrate with Globalstar's existing constellation, ensuring service continuity for Globalstar customers. The contract will be added to MDA's backlog in the first quarter of fiscal 2022.

INDUSTRY TRENDS

Key industry trends that directly influence our business are summarized below.

New Space Business Opportunities Are Increasing

2021 marked a record year for investment in the space industry, with $14.5 billion invested in commercial space infrastructure companies, a 50% increase compared to 2020. Additionally, numerous government programs have recently been established in countries such as Canada, the United States, France, the United Kingdom, Australia, New Zealand, and across the European Union to invest in space start-ups and create early-stage contracting opportunities. As space becomes more accessible and capital investment in space companies is increasing, the opportunity set for MDA is expanding. Our Geointelligence business activity increasingly involves engagement with EO start-up companies, providing the opportunity for MDA to offer RADARSAT-2 satellite imagery and analytic services through additional channels for advanced analytics and to partner with other satellite operators 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 spacecraft and lunar landing systems, as well as to provide robotics to commercial space stations and 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 key program wins such as the new Telesat and Globalstar LEO constellation programs.

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. MDA has responded, and continues to respond, to several future government initiatives regarding co-investment by industry, and/or an industry services model to provide EO 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 the Earth Observation Service Continuity (EOSC) program, Defence Enhanced Surveillance from Space program (DESSP), the Enhanced Satellite Communication Project - Polar, and Canadarm3.

The Pace and Density of Space Missions are Increasing

The intensity of new business development is rapidly increasing across MDA. Government agencies have increased demand for space based initiatives for EO, space exploration, and space based communication, while commercial customers are exhibiting similar needs as they obtain record levels of financing. MDA is focused on staffing, financing new business development efforts and increasing the scale of the overall business in order to maximize our position in this growing market with increasing product and services volumes.

OUTLOOK

As a leading space technology provider, we are leveraging our capabilities and expertise to execute on specific growth strategies across our end markets and business areas. Underlying industry trends for space continue to be strong and market activity remains robust. We believe our long term future growth pipeline is significant and underpinned by the existing contract awards of our key programs. With Telesat Lightspeed, Canadarm3, the Canadian Surface Combatant (CSC) programs already under initial contracts, in Q4 we made and are continuing to make significant progress on next-phase contract negotiations, program definition and development, and risk reduction activities. We believe our backlog and recent awards announced in the first quarter of 2022, including Globalstar's LEO satellite constellation (~$415 million contract) and Canadarm3 phase B ($269 million contract), provide us with revenue visibility and a strong business foundation for 2022 and beyond.

We continue to monitor developments related to the Covid-19 pandemic and supply chain disruptions which can impact the timing of programs, our overall productivity and ability to engage directly with our customers. We are taking pro-active measures across our three business areas to mitigate the impact on our operations to the extent possible.

Consistent with the outlook provided in Q3 2021, we expect our 2022 revenues to be $750 – $800 million, representing robust year-over-year growth of approximately 55% – 65%, and expect 2022 adjusted EBITDA to be $140 – $160 million. Our 2022 forecasts are predicated on continued backlog growth in the first half of 2022, with year over year revenue inflection commencing in the second quarter of 2022 and accelerating throughout the balance of the year. We expect capital expenditures in 2022 to be $180 - $220 million, primarily comprising growth investments to support CHORUS and the previously outlined growth initiatives across our three business areas.

KEY EVENTS

FOURTH QUARTER

In the fourth quarter, MDA continued to execute on its growth initiatives:

- Our Robotics & Space Operations business was awarded a contract by the Canadian Space Agency (CSA) to undertake the initial design study for a Canadian Lunar Rover mission to the Moon;

- CHORUS (formerly SARnext) was formally announced as the name of our next generation EO commercial mission. MDA also announced that CHORUS will include C-band and X-band Synthetic Aperture Radar (SAR) satellites. A collaborative multi-sensor constellation, CHORUS builds on the strong heritage of the RADARSAT program and brings forward innovative new technologies and operations concepts to deliver a significantly enhanced capability; and
- We entered into an agreement with ICEYE for the latter to supply an X-band Synthetic Aperture Radar (SAR) spacecraft for CHORUS. This revolutionary approach will provide the most extensive radar imaging capacity available on the market and significantly enhance existing services and enable new applications not feasible with existing SAR satellites.

Subsequent to the quarter, we added two significant wins to our backlog:

- We were selected as the prime contractor for Globalstar’s new LEO satellites. The satellites built by MDA will integrate with Globalstar's existing constellation, ensuring service continuity for Globalstar customers. The contract includes the design, manufacture, assembly and test of 17 satellites, with options for Globalstar to purchase up to nine additional satellites. The satellites will be built, assembled and tested at MDA's new state-of-the art high volume satellite production facility in Montreal.
- We were awarded Phase B of the Canadarm3 program, valued at $269 million, from the Canadian Space Agency (CSA). Phase B of the program will see MDA complete the preliminary design of the Canadarm3 robotics system that will be used aboard the Lunar Gateway. This builds upon MDA’s completed Phase 0 and subsequent Phase A, which established the technical requirements needed for the design and manufacturing of the Canadarm3 Artificial Intelligence (AI)-based robotic system. The design work is expected to be completed over the next 17 months.

FULL YEAR

2021 marked a pivotal year for MDA, with the Company successfully completing its Initial Public Offering in April, marking its return to the public markets. MDA also raised $460 million in gross proceeds allowing it to accelerate growth momentum across its business areas. Key wins and accomplishments of each business area throughout the year are highlighted below.

Geointelligence

- Awarded a three-year contract under the Dark Vessel Detection program from the Government of Canada Department of Fisheries and Oceans and Defence Research and Development Canada.
- MDA announced the initial CSC contract with an expected value of more than $60 million which was followed by a series of additional orders contributing to 2021 backlog. Progress on the program is in line with management’s expectations. Work on the requirements analysis phase of the program continues and MDA continues to finalize a number of additional Electronic Warfare suite sensor contracts.
- Awarded a contract by the Canadian Space Agency (CSA) to provide satellite flight operations and data management services for the CSA’s EO and space situational awareness satellite missions, with an estimated contract price valued at more than $35 million over a three-year period plus an option to renew for up to two additional years.

Robotics and Space Operations

- Continues to receive awards for sensors to support flight to the lunar surface, cumulatively to date providing sensor solutions for five lunar missions.
- Awarded a $35.3 million contract on Canadarm3 from the Canadian Space Agency (CSA) for the design of GERI (Gateway External Robotics Interfaces).

- 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.

Satellite Systems

- Selected by Telesat to provide the Direct Radiating Array technology on the Telesat Lightspeed program.
- Entered into a long-term supply agreement to provide satellite subsystems for Airbus's OneSat digital satellite platform.
- Returned to full volume production activities for OneWeb's first generation constellation, which will consist of 648 LEO satellites and will deliver high-speed, low-latency global connectivity.
- Awarded contracts with L3Harris Technologies and Lockheed Martin for the provision of LEO Antenna products for Space Development Agency's Wide Field of View Tracking Tranche 0.
- Awarded a contract to design and build the X-Band Antenna for the Space Weather Follow On-Lagrange 1 (SWFO-L1) program.

Simultaneous to winning in the market, MDA focused on talent recruitment and deployment. In 2021 MDA hosted its largest ever career fair, attracting more than 800 attendees to a successful virtual recruiting event. In 2021, MDA added 670 staff to its workforce.

FINANCIAL OVERVIEW

KEY INDICATORS SUMMARY

	Fourth Quarters Ended		Years Ended	
(in millions of Canadian dollars, except for ratios)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Revenues	$ 115.5	$ 100.2	$ 476.9	$ 411.5
Gross profit	$ 45.4	$ 28.6	$ 167.8	$ 117.3
Gross margin	39%	29%	35%	29%
EBITDA	$ 22.9	$ 11.6	$ 123.3	$ 65.7
Adjusted EBITDA	$ 26.8	$ 30.1	$ 137.1	$ 126.8
Adjusted EBITDA margin	23%	30%	29%	31%

As at	**December 31, 2021**	**December 31, 2020**
Backlog	$ 864.3	$ 562.5
Net debt to Adjusted EBITDA ratio	0.4x	3.8x

REVENUES BY BUSINESS AREA

	Fourth Quarters Ended		Years Ended	
(in millions of Canadian dollars)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Geointelligence	$ 52.8	$ 47.6	$ 190.7	$ 184.5
Robotics & Space Operations	29.9	25.7	132.9	115.3
Satellite Systems	32.8	26.9	153.3	111.7
Consolidated revenues	$ 115.5	$ 100.2	$ 476.9	$ 411.5

Revenues

Consolidated revenues for the fourth quarter in 2021 were $115.5 million, representing an increase of $15.3 million (or 15%) compared to the same quarter in 2020. The higher revenues in the quarter were driven by improved program performance and continued execution on our backlog, primarily in Satellite Systems and Robotics & Space Operations. Program performance improvements reflect operational excellence and strong cost control throughout the programs lifecycle. By business area, revenues in Geointelligence of $52.8 million represents a $5.2 million (or 11%) increase from 2020 to 2021 driven by higher sales of satellite imagery and analytic services along with higher volume from the Canadian Surface Combatant (CSC) program. Revenues in Robotics & Space Operations of $29.9 million represents a $4.2 million (or 16%) increase year over year, largely driven by the higher volume of work performed on the Canadarm3 program. Revenues in Satellite Systems of $32.8 million were $5.9 million (or 22%) higher compared to the fourth quarter in 2020, representing increased execution against our growing backlog.

For the full year, revenues were $476.9 million in 2021 which were $65.4 million (or 16%) higher than 2020 revenues. The increase in revenues was driven by improved program performance and execution on our backlog, primarily in the Satellite Systems and Robotics & Space Operations businesses.

By business area, full year revenues in Geointelligence of $190.7 million represents a $6.2 million (or 3%) increase from 2020 to 2021. While Geointelligence experienced growth in sales of satellite imagery and analytic services along with increased volume for the CSC program, this growth was partially offset by the ramp down of completed programs and a temporary interruption in activity on certain service contracts experienced in the third quarter of 2021. In Robotics & Space Operations, full year revenue of $132.9 million represents a $17.6 million (or 15%) increase year over year. This increase is largely driven by the ramp up of work performed on the Canadarm3 program throughout the year. In Satellite Systems, full year revenue of $153.3 million represents a $41.6 million (or 37%) increase from 2020 to 2021. This increase is primarily attributable 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 and Gross Margin

Gross profit reflects our revenues less cost of revenues. Fourth quarter gross profit of $45.4 million represents a $16.8 million (or 59%) increase over 2020. Fourth quarter gross margin of 39% represents a 1,076 bps improvement compared to the same period in 2020. This increase reflects improved program execution and management of costs across all three business areas, coupled with increased investment tax credits (ITC's) earned in Q4 2021 as compared to Q4 2020.

Full year gross profit of $167.8 million represents a $50.5 million (or 43%) increase from 2020 to 2021. Full year gross margin of 35% represents a 677 bps improvement compared to 2020. This increase is attributable to our ability to manage program costs and mitigate execution risks throughout the year across all three business areas, coupled with increased ITC's earned over 2020.

Adjusted EBITDA and Adjusted EBITDA Margin

For the fourth quarter, adjusted EBITDA of $26.8 million in 2021 represents a decrease of $3.3 million compared to $30.1 million in 2020. Adjusted EBITDA margin declined to 23% in 2021 from 30% in 2020. The Canada Emergency Wage Subsidy (CEWS) program ended in early Q4 of 2021, resulting in a CEWS contribution of only $0.8 million in the fourth quarter of 2021 compared to $8.4 million in the fourth quarter of 2020. Excluding the impact of CEWS, which we believe provides a better gauge of the underlying business performance, fourth quarter adjusted EBITDA increased by $4.3 million (or 20%) year over year, and adjusted EBITDA margin, excluding CEWS, increased to 23% from 22% in the prior year.

For the full year, adjusted EBITDA of $137.1 million in 2021 represents an increase of $10.3 million (or 8%) compared to $126.8 million in 2020. Adjusted EBITDA margin declined slightly to 29% in 2021 from 31% in 2020. 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 were partially offset by a decrease in CEWS income of $16.8 million and higher R&D expenses in 2021. Excluding the impact of CEWS, adjusted EBITDA increased by $27.1 million (or 32%) year over year, and adjusted EBITDA margin increased to 24% from 21% in the prior year.

Adjusted EBITDA, excluding CEWS income, is summarized in the table below.

	Fourth Quarters Ended		**Years Ended**	
(in millions of Canadian dollars)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Adjusted EBITDA	$ 26.8	$ 30.1	$ 137.1	$ 126.8
CEWS income	0.8	8.4	24.8	41.6
Adjusted EBITDA, excluding CEWS	$ 26.0	$ 21.7	$ 112.3	$ 85.2
Adjusted EBITDA margin, excluding CEWS	23%	22%	24%	21%

Backlog

The backlog as at December 31, 2021 was $864.3 million, an increase of $301.8 million compared to the backlog at December 31, 2020. We expect our backlog to continue to build in 2022 as we secure awards across our three businesses. The following table shows the build up of backlog over 2020.

	Fourth Quarters Ended		**Years Ended**	
(in millions of Canadian dollars)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Opening Backlog	$ 828.9	$ 503.8	$ 562.5	$ 462.1
Less: Revenue recognized	(115.5)	(100.2)	(476.9)	(411.5)
Add: Order Bookings	140.1	158.9	767.9	511.9
Adjustments(1)	10.8	—	10.8	—
Ending Backlog	$ 864.3	$ 562.5	$ 864.3	$ 562.5

(1) Adjustments in 2021 include reassessments of the values on certain customer contracts and effects of foreign exchange.

RESULTS OF OPERATIONS

(in millions of Canadian dollars, except per share data)	Fourth Quarters Ended December 31, 2021	Fourth Quarters Ended December 31, 2020	Years Ended December 31, 2021	Years Ended December 31, 2020
Revenues	$ 115.5	$ 100.2	$ 476.9	$ 411.5
Materials, labour and subcontractors costs	64.0	66.5	285.6	271.4
Depreciation and amortization of assets	6.1	5.1	23.5	22.8
Gross profit	$ 45.4	$ 28.6	$ 167.8	$ 117.3
Operating expenses:				
Selling, general & administration	$ 17.1	$ 19.3	$ 58.3	$ 66.3
Research & development, net	8.3	2.8	21.1	7.4
Amortization of intangible assets	14.0	14.0	56.3	42.5
Share-based compensation	3.9	4.9	13.5	5.9
Total operating expenses	$ 43.3	$ 41.0	$ 149.2	$ 122.1
Operating income	2.1	(12.4)	18.6	(4.8)
Other (income) expense	(0.7)	(4.9)	(24.9)	(5.2)
Finance costs	2.2	8.7	32.2	31.4
Income (loss) before income taxes	$ 0.6	$ (16.2)	$ 11.3	$ (31.0)
Income tax expense (recovery)	—	(3.6)	8.4	5.2
Net income (loss)	$ 0.6	$ (12.6)	$ 2.9	$ (36.2)
Basic earnings per share (1)	$ 0.01	$ (0.16)	$ 0.03	$ (0.61)
Diluted earnings per share(1)	0.00	(0.16)	0.02	(0.61)

(1)Earnings per share data for the year ended December, 31 2020 is calculated using weighted average shares outstanding information for the period from January 1, 2020 to December 31, 2020.

Revenues

Consolidated revenues for the fourth quarter in 2021 were $115.5 million, representing an increase of $15.3 million (or 15%) compared to the same quarter in 2020. On a full year basis, 2021 revenues were $476.9 million which were $65.4 million (or 16%) higher than 2020 revenues. Please refer to 'Financial Overview' for a detailed discussion of revenue drivers for the fourth quarter and fiscal year.

Materials, labour and subcontractors costs

Materials, labour and subcontractor costs for the fourth quarter of 2021 were $64.0 million, representing a $2.5 million (or 4%) decrease compared to the same period in of 2020. The decline is primarily driven by improved management of cost overruns in Q4 2021 compared to Q4 2020, coupled with increased ITC's earned in Q4 2021 as compared to Q4 2020.

On a full year basis, materials, labour and subcontractor costs were $285.6 million, representing a $14.2 million (or 5%) increase year over year. The overall increased costs are driven by revenue growth offset by improved program performance and increased ITC's earned over 2020.

Depreciation and amortization of assets

Included in this line item are the depreciation and amortization costs of those assets directly used to support our revenues. These assets are depreciated and amortized on a straight-line basis over their useful lives. Fourth quarter costs of $6.1 million represents an increase of $1.0 million (or 20%) from the same quarter in 2020, resulting from more revenue-generating assets in Q4 2021 as compared to Q4 2020.

Full year costs of $23.5 million represents an increase of $0.7 million (or 3%) over 2020, reflecting our progressive investments in revenue-generating assets throughout 2021 to support our growth.

Selling, general and administration (SG&A)

SG&A expenses include administrative support functions, as well as, business development and bids and proposals costs. In addition, audit fees, public company expenses, recruitment and other consulting fees are included in this line item.

SG&A expenses for the fourth quarter were $17.1 million, representing a decrease of $2.2 million (or 11%) over the same quarter in 2020. Full year SG&A expenses were $58.3 million, representing a decrease of $8.0 million (12%) over 2020. The decreases, on both a fourth quarter and a full year basis, are due to decreases in professional fees related to the one-year of post-Acquisition transition services we obtained from Maxar that ended in April 2021.

Research and development (R&D)

MDA's net R&D expenses comprise costs incurred on R&D activities that are charged to the income statement in the period, offset by funding received on certain R&D programs. The Company expenses research costs as they are incurred. Development costs are expensed when they do not meet the asset capitalization criteria (e.g. when technical feasibility and/or a market has not yet been established), or the costs are not directly attributable to developing the asset.

Net R&D expense for the fourth quarter was $8.3 million, representing an increase of $5.5 million (or 196%) from the same quarter in 2020. This increase is due to higher activity on the development of CHORUS and other proprietary technologies. The development of CHORUS commenced in Q4 2020 and gained momentum in 2021. Full year net R&D expense was $21.1 million, representing an increase of $13.7 million (or 185%) year over year, reflecting increased R&D expenses recognized on the development of CHORUS and other proprietary technologies.

Amortization of intangible assets

This line item includes the straight-line amortization expensed on intangible assets recognized as part of the Acquisition at April 8, 2020, which comprise contractual backlog, customer relationships, proprietary technologies, and the MDA trademark. The amount expensed in the fourth quarter of 2021 and 2020 was the same, at $14.0 million. On a full year basis, the amortization in 2021 was higher by $13.8 million (or 32%) over 2020 due to the amortization recognized in 2021 including twelve months of amortization expense, while the timing of the Acquisition in April resulted in only approximately nine months of amortization expense in 2020. 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

The Company introduced its new stock option plan subsequent to the April 2020 Acquisition, with the commencement of grants awarded in the fourth quarter of 2020. The pre-existing stock option plan was terminated, with $1.0 million of expenses recognized prior to the Acquisition. The 2021 full year expense of $13.5 million includes twelve months of share-based compensation expense, while the 2020 full year expense of $5.9

million only includes approximately three months, primarily driving the full year increase of $7.6 million (or 129%) year over year.

Share-based compensation expense for the fourth quarter was $3.9 million, representing a decrease of $1.0 million (or 20%) from 2020 to 2021. The fourth quarter expense in 2020 was higher because certain awards had vested by December 2020, with the full value of those awards recognized in the fourth quarter of 2020.

Other income

We recognized other income of $0.7 million in the fourth quarter of 2021, compared to $24.9 million in the fourth quarter of 2020. Other income in both fourth quarters comprise largely of CEWS income. The completion of the CEWS program in the beginning of the fourth quarter of 2021 is driving the decrease in other income.

On a full year basis, other income in 2021 was $24.9 million, compared to $5.2 million in 2020. The 2021 amount is primarily comprised of CEWS income of $24.8 million. Other income in 2020 included $41.6 million of CEWS income offset by other one-time expenses totalling $36.4 million. Other one-time expenses primarily comprised 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 $5.3 million.

Finance costs

In 2020, the Company obtained debt financing, comprising a term loan facility and a second lien note, as part of the Acquisition in April 2020. Prior to the Acquisition, the Company did not incur any interest expense for the first three months of the year. In the second quarter of 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.

Finance costs for the fourth quarter ended December 31, 2021 was $2.2 million, representing a decrease of $6.5 million (or 75%) as compared to $8.7 million in the same quarter of 2020. This decrease largely resulted from the reduction of interest expense after repayment of the term loan facility.

Finance costs for the year ended December 31, 2021 was $32.2 million, representing an increase of $0.8 (or 3%) as compared to $31.4 million in 2020. The slight increase largely resulted from recognition of the accelerated amortization of deferred financing costs of $5.4 million in 2021, offset by lower interest expense pursuant to repayment of the term loan facility.

RECONCILIATON OF NON-IFRS MEASURES

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

	Fourth Quarters Ended		Years Ended	
(in millions of Canadian dollars)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Net loss (income)	$ 0.6	$ (12.6)	$ 2.9	$ (36.2)
Depreciation and amortization	6.1	5.1	23.5	22.8
Amortization of intangible assets	14.0	14.0	56.3	42.5
Income tax expense (recovery)	—	(3.6)	8.4	5.2
Finance costs	2.2	8.7	32.2	31.4
EBITDA	$ 22.9	$ 11.6	$ 123.3	$ 65.7
Unrealized foreign exchange loss (gain)	(0.5)	(0.5)	2.0	1.0
Unrealized loss (gain) on embedded derivatives	0.5	(3.9)	(0.8)	(7.0)
Restructuring costs	—	5.3	(0.9)	9.5
Acquisition costs	—	—	—	12.3
Loss related to Jupiter 3	—	12.7	—	23.0
Impairment	—	—	—	16.4
Share based compensation	3.9	4.9	13.5	5.9
Adjusted EBITDA	$ 26.8	$ 30.1	$ 137.1	$ 126.8
Adjusted EBITDA margin	23%	30%	29%	31%

FINANCIAL CONDITION, LIQUIDITY & CAPITAL RESOURCES

Financial Condition

Total assets of the Company as at December 31, 2021 was $1,534.6 million, representing a $79.2 million increase from $1,455.4 million as at December 31, 2020. A large portion of this increase is explained by the following items:

- an increase in current assets of $14.4 million;
- a net increase in capital assets of $15.6 million, where capital assets include property, plant, and equipment, right-of-use assets, and intangible assets, and the net increase reflects additions made in 2021 offset by periodic depreciation and amortization;
- an increase in deferred tax asset of $8.1 million;
- an increase in non-current portion of ITC receivable of $19.3 million;
- a number of our defined benefit pension plans ending in net asset positions totalling $12.5 million in 2021 while our defined benefit plans were all in net liability positions in 2020; and
- the addition of an investment in equity securities made in 2021 that had a carrying amount of $7.7 million as at December 31, 2021.

Total liabilities of the Company as at December 31, 2021 was $572.9 million, representing a $425.1 million decrease from $998.0 million as at December 31, 2020. The decrease is largely attributable to the repayment in full the $418.7 of outstanding principal under its term loan facility and decrease in provisions of $14.4 million. The decrease in provisions is due to settlement of restructuring costs that were incurred in 2020 pursuant to the Acquisition and completion of onerous contracts recognized in 2020.

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

As at *(in millions of Canadian dollars)*	**December 31, 2021**	**December 31, 2020**
Non-cash current assets	$ 210.2	$ 200.8
Current liabilities	225.9	242.6
Net Working Capital	$ (15.7)	$ (41.8)

Non-cash current assets increased by $9.4 million from 2020 to 2021. A significant contribution to this increase is the increase in trade and other receivables of $12.8 million.

Current liabilities decreased by $16.7 million from 2020 to 2021. The decrease is largely driven by the repayment of the term loan facility, of which $22.0 million was current as at December 31, 2020. The balance of the change was due to fluctuations, within the normal course of operations, in items such as short-term payables and contract liabilities.

Cash Flows

The Company's consolidated cash flows are summarized in the table below.

	Fourth Quarters Ended		**Years Ended**	
(in millions of Canadian dollars)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Cash, beginning of period	$ 88.0	$ 76.3	$ 78.6	$ 62.0
Total cash provided by (used in):				
Operating activities	$ 34.5	$ 15.9	$ 72.1	$ 70.4
Investing activities	(37.0)	(6.6)	(98.8)	(1,012.9)
Financing activities	(1.9)	(7.3)	30.6	961.1
Net foreign exchange difference	—	0.3	1.1	(2.0)
Increase (decrease) in cash	$ (4.4)	$ 2.3	$ 5.0	$ 16.6
Cash, end of period	$ 83.6	$ 78.6	$ 83.6	$ 78.6

The net cash decreased by $4.4 million in the fourth quarter ended December 31, 2021 which compares to a net cash increase of $2.3 million over the same period in 2020. Cash provided by operating activities of $34.5 million in the fourth quarter of 2021 was $18.6 million higher versus the same period in 2020, largely due to the improvement of earnings before income taxes of $16.8 million. Cash consumed by investing activities totaled $37.0 million in the latest quarter, an increase of $30.4 million over the same period in 2020, reflecting higher R&D spend on CHORUS, Telesat Lightspeed and other technological developments. Cash used in financing activities totaled $1.9 million in the quarter, representing a $5.4 million decline compared to the same period in 2020 as a result of $5.4 million of principal repayments on the term loan facility that was made in Q4, 2020.

For the full year, net cash increased by $5.0 million for the year ended December 31, 2021 compared to a net cash increase of $16.6 million for the prior year. Cash provided by operating activities remained relatively consistent year over year, largely resulting from improved earnings in 2021 offset by fluctuations of working capital changes within the normal course of operations arising from timing of recognition of receivables, payables, and contract liabilities relative to cash collection and cash payment. In 2020, $996.0 million of the cash used in investing activities was used to close the Acquisition, with the balance used for capital expenditures. Similarly, cash provided by financing activities reflect the debt and equity raised to effect the Acquisition. In 2021, the cash provided by financing activities results from proceeds received from issuance of shares (inclusive of an equity issuance of $30.0 million to a private investor and net IPO proceeds of $432.3 million) offset by debt principal repayments of $424.1 million and lease principal payments of $7.9 million. When removing the effects of these transactions, the remaining key driver of the higher cash use in 2021 as compared to 2020 relates to capital expenditures incurred on the development of CHORUS and Telesat Lightspeed along with other internally generated proprietary technology.

The Company has ample liquidity to fund working capital requirements of its operations, capital expenditures, debt service costs, and general corporate costs at December 31, 2021, subsequently reinforced by the Offering. The Company also has funds available through its senior secured revolving term facility (RT Credit Facility) of $418.1 million as a source of liquidity.

Capital Management

The Company defines its capital as the aggregate of long-term debt and shareholder's equity. The Company's primary capital management objectives are to provide an appropriate return to shareholders, safeguard working capital over the annual operating cycle, provide financial resources to grow operations to meet long-term customer demand, and comply with financial covenants under credit facilities.

The Company's strategy to managing its capital structure is to utilize its borrowing arrangements to obtain committed term and operating credit facilities in support of its working capital and planned capital expenditures. When needed, the Company also has access to capital markets to raise equity financing. At December 31, 2021, the Company's outstanding debt stood at $144.7 million as compared to $559.7 million at December 31, 2020. Equity was $961.7 million as at December 31, 2021 compared to $457.4 million as at December 31, 2020. The Company's increase in equity is primarily attributable to the funds raised in the Company's IPO, of which a substantial portion was used to repay $418.7 million of outstanding principal under its term loan facility in the second quarter of 2021.

The Company ended the year with a strong balance sheet position. Net debt was $61.1 million representing a net debt to adjusted EBITDA ratio of 0.4x. The ratio is significantly lower than 3.8x as at December 31, 2020, mainly due to term loan repayment in the second quarter of 2021.

	As at	
(in millions of Canadian dollars, except for ratios)	**December 31, 2021**	**December 31, 2020**
Long-term debt	$ 144.7	$ 559.7
Less: Cash	(83.6)	(78.6)
Net Debt	$ 61.1	$ 481.1

	Years Ended	
	December 31, 2021	**December 31, 2020**
Adjusted EBITDA	$ 137.1	$ 126.8
Net Debt to Adjusted EBITDA	0.4x	3.8x

As at December 31, 2021, in addition to its outstanding long-term debt and equity, the Company also had $418.1 million of available liquidity under its revolving credit facility. The Company continually assesses the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

There have been no breaches of the financial covenants under the Company's credit facilities throughout the year-ended December 31, 2021.

The maturities of the contractual cash flows of the Company's financial liabilities as at December 31, 2021 are shown in the following table:

	Total	Maturing in less than 1 year	Maturing in 1 to 5 years	Maturing beyond 5 years
Trade and other payables	$ 72.5	$ 71.8	$ 0.6	$ 0.1
Long-term debt	150.0	—	—	150.0
Lease liabilities	15.7	9.5	6.2	—
Other liabilities	0.9	0.7	0.2	—
	$ 239.1	$ 82.0	$ 7.0	$ 150.1

As of December 31, 2021, the Company had commitments of $13.9 million (December 31, 2020: $4.7 million) relating to purchase of property, plant and equipment, and intangible assets.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, foreign exchange risk, and credit risk. Risk management is carried out by the Company by identifying and evaluating the financial risks inherent within its operations. The Company's overall risk management activities seek to minimize potential adverse effects on the Company's financial performance.

Interest Rate Risk

The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt prior to the repayment of its term loan facility. Following the repayment, the Company had no drawings under its revolving credit facility. 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. As at December 31, 2021, the Company had no outstanding floating rate debt. Based on the outstanding borrowings under the term loan facility during the year ended December 31, 2021, a 1.0% increase (decrease) in the average interest rate on our borrowings would have decreased (increased) income (loss) before taxes by $1.7 million in the year. 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.

Liquidity Risk

The Company's liquidity risk is the risk it may not be able to meet its contractual obligations associated with financial liabilities as they come due. The Company's principal sources of liquidity are cash provided by operations and access to credit facilities. The Company's short-term cash requirements are primarily to fund working capital, with medium term requirements to service and repay debt, invest in capital and intangible assets, and research and development for growth initiatives. Cash is also used to finance other long-term strategic initiatives. For the foreseeable future, the Company believes that these principal sources of liquidity are sufficient to maintain the Company's capacity and to meet planned growth and development activities.

Foreign currency exchange risk

The Company is exposed to foreign exchange risk on sales and purchase contracts as well as cash, receivable and payable balances denominated in currencies other than the functional currency of the Company's contracting entity. The currencies in which these transactions are primarily denominated are USD and euro, with USD representing the more significant exposure. The Company is also exposed to foreign currency risk on the net assets of its foreign operations.

The Company mitigates its foreign exchange risk through reducing mismatches between currencies in its foreign currency revenue contracts and the related purchase contracts. The Company also utilizes foreign exchange forward contracts to economically hedge a portion of the exposure arising from expected foreign currency denominated cash flows. The term of the foreign exchange forward contracts can range from less than one month to several years. The Company does not enter into foreign exchange forward contracts for trading or speculative purposes and does not have any qualifying hedges for accounting purposes.

Credit risk

The Company is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations to the Company. The Company is primarily exposed to credit risk through its trade, unbilled and other receivables. Historically, the Company has had low credit losses.

The Company's credit exposure through receivables relates to a diverse group of customers, including government customers, in multiple geographic regions purchasing a wide variety of products and services from the Company, and is therefore mitigated by a reduced concentration of risk. The due date of these amounts can vary by agreement but in general balances over 90 days are considered past due. Customers are assessed for credit risk based on the customer organization's financial health, and credit history with the Company. Credit limits or maximum exposures under revenue contracts are identified, approved and monitored.

The carrying amounts presented in notes 8 and 9 of our 2021 Audited Financial Statements represent the maximum credit exposures for each respective financial asset as at each reporting date. A summary of our allowance for credit losses is presented in note 19 of our 2021 Audited Financial Statements.

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 December 31, 2021, the aggregate gross potential liability related to the Company's letters of credit was approximately $15.6 million (December 31, 2020: $15.5 million).

As at December 31, 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 fourth quarter and year ended December 31, 2021, the Company's compensation paid to its key management personnel was $4.5 million and $17.8 million, which consisted of short-term and post-employment benefits and share-based compensation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements include the following:

- *Revenue*: The Company recognizes revenues from fixed-price contracts and cost-plus contracts with ceilings using a percentage of completion method based on the ratio of contract costs incurred to date to total estimated costs. On a monthly basis, the Company reviews the costs incurred to date and the estimated costs to complete for each project to determine whether the percentage of completion remains appropriate. Estimating total costs requires judgments to be made around items including, but not limited to, labour productivity, complexity and scope of work to be performed, cost of materials, the length of time to complete the work, and execution by subcontractors. This estimate directly affects revenue recognized in each reporting period as well as the balances of unbilled receivables and contract liabilities at the reporting date. Changes in estimates are recognized on a cumulative catch-up basis and could lead to reversals to revenues.
- *Impairment of non-financial assets:* The value in use (VIU) of cash generating units at which goodwill and intangible assets are tested for impairment has been estimated using the forecasts prepared by management for the next five years. In preparing the forecasts, management uses significant assumptions about revenue growth, earnings before interest, taxes, depreciation and amortization, the discount rate and terminal growth rate. These estimates are based on past experience and management's expectations of future changes in the market and planned growth initiatives. Actual results could vary from these estimated future cash flows which may cause significant adjustments to the assets in subsequent reporting periods. Estimation uncertainty in calculating the VIU also include application of an appropriate discount rate.
- *Income taxes:* The calculation of current and deferred income taxes requires management to make certain judgments in interpreting tax rules and regulations. The application of judgment is also required to evaluate whether the Company can recover a deferred tax asset based on management's assessment of existing tax laws, estimates of future profitability, and tax planning strategies.
- *Investment tax credits:* Investment tax credits, whether or not recognized in the consolidated financial statements, may be carried forward to reduce future Canadian Federal and Provincial income taxes payable. The Company applies judgment when determining whether the reasonable assurance threshold has been met to recognize investment tax credits in the consolidated financial statements. The Company must interpret eligibility requirements in accordance with Canadian income tax laws and must assess whether future taxable income will be available against which the investment tax credits can be utilized. For investment tax credits that have not met the criteria to be recognized in the consolidated financial statements, management continually reviews these interpretations and assessments and recognizes the investment tax credits relating to prior period expenses in the period when the reasonable assurance criteria have been met. Any changes in the interpretations and assessments could have an impact on the amount and timing of investment tax credits recognized in the consolidated financial statements.
- *Share-based compensation:* In determining the fair value on grant dates of the Company's share-based compensation arrangements, management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected plan life, underlying share price volatility over similar periods to the expected life of the awards under consideration.

RECENT ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted:

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

In May 2020, the IASB issued an amendment 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 amendment clarifies that the costs relating directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

The Company has substantially completed its assessment in applying the amendment to contracts for which it has not yet fulfilled all its obligations at January 1, 2022. The Company has determined the impact of this amendment to be immaterial as at January 1, 2022.

(b) 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.

SUMMARY OF QUARTERLY RESULTS

The following table provides select unaudited quarterly financial results for the eight most recently completed quarters.

	2021				2020			
(in millions of Canadian dollars, except per share data)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	$ 115.5	$ 111.3	$ 126.7	$ 123.4	$ 100.2	$ 98.4	$ 109.7	$ 103.2
Gross profit	45.4	39.4	44.6	38.4	28.6	30.5	35.0	23.2
Net income	0.6	4.0	(0.1)	(1.6)	(12.6)	(1.9)	(9.1)	(12.6)
Basic earnings per share[(1)]	0.01	0.03	0.00	0.00	(0.16)	(0.06)	(0.12)	N/A
Diluted earnings per share[(1)]	0.00	0.03	0.00	0.00	(0.16)	(0.06)	(0.12)	N/A
EBITDA	22.9	33.8	37.1	29.5	11.6	31.9	29.4	(7.2)
Adjusted EBITDA	26.8	31.8	39.4	39.1	30.1	35.1	44.6	17.0
Backlog	864.3	828.9	640.1	683.9	562.5	503.8	549.2	476.7

[(1)]Earnings per share data is not presented for Q1 2020 as the Company was formed upon the close of the Acquisition on April 8, 2020. Financial results for Q1 2020 pertained to Predecessor activity. Earnings per share data for Q2 2020 is calculated using weighted average shares outstanding information for the period from April 1, 2020 to June 30, 2020.

The Company's operations historically have not experienced pronounced seasonality. The Company's revenues, gross profit, EBITDA and adjusted EBITDA period over period are affected by the stages of work on its programs and timing of Backlog execution. The fluctuations in net income experienced in 2020 primarily resulted from the timing of the one-time expenses that were discussed in 'Results of Operations' and fluctuations in CEWS income received period over period.

CONTROLS AND PROCEDURES

As at December 31, 2021, the Company's management, under the supervision of its CEO and CFO, had designed Disclosure Controls and Procedures (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.

As at December 31, 2021, the Company's management, under the supervision of its CEO and CFO, had designed Internal Control over Financial Reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes 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.

During the year, the Company's management, under the supervision of its CEO and CFO, evaluated the effectiveness and operation of its DC&P and ICFR. This evaluation included a risk evaluation, documentation of key processes and tests of effectiveness conducted on a sample basis throughout the year. Due to the inherent limitations in all control systems, an evaluation of the DC&P and ICFR can only provide reasonable assurance over the effectiveness of the controls. As a result, DC&P and ICFR are not expected to prevent and detect all misstatements due to error or fraud. The CEO and CFO have concluded that the Company's DC&P and ICFR were effective as at December 31, 2021.

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 special considerations. For additional information with respect to certain of these risks or factors, reference should be made to those described and listed under the heading "Risk Factors", in the Company's AIF available on SEDAR at www.sedar.com, which are incorporated by reference into this MD&A.

OUTSTANDING SHARE INFORMATION

MDA is authorized to issue an unlimited number of common shares. As of the date of this MD&A, 118,691,628 common shares, 547,292 trustee shares and 9,025,431 options are issued and outstanding, presented in notes 18 and 21 of our 2021 Audited Financial Statements.

ADDITIONAL INFORMATION

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

CALENDAR 2020 CONSTRUCTION

Presented below are the Company's construction of the figures used in this document for the calendar year ended December 31, 2020. Construction of figures for the calendar quarters ended March 31, 2020 and June 30, 2020 for certain financial information are also presented below. 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 December 31, 2020 in order to arrive at the aforementioned figures. All periods presented below, except for the period from January 1 to April 7, 2020 and the period from April 8 to December 31, 2020, are unaudited.

Select Financial Information

(in millions of Canadian dollars)	January 1 – April 7, 2020	April 8 – December 31, 2020	January 1 – December 31, 2020	April 1 – April 7, 2020	January 1 – March 31, 2020	April 8 – June 30, 2020	April 1 – June 30, 2020
Revenues	$ 115.9	$ 295.6	$ 411.5	$ 12.7	$ 103.2	$ 97.0	$ 109.7
Gross profit	28.2	89.1	117.3	5.0	23.2	30.0	35.0
Net income	(18.9)	(17.3)	(36.2)	(6.3)	(12.6)	(2.8)	(9.1)
EBITDA	(4.2)	69.9	65.7	3.0	(7.2)	26.4	29.4
Adjusted EBITDA	18.7	108.1	126.8	1.5	17.0	43.1	44.6

Revenues by Business Area

(in millions of Canadian dollars)	January 1 – April 7, 2020	April 8 – December 31, 2020	January 1 – December 31, 2020
Geointelligence	$ 49.8	$ 134.7	$ 184.5
Robotics & Space Operations	30.0	85.3	115.3
Satellite Systems	36.1	75.6	111.7
Consolidated revenues	$ 115.9	$ 295.6	$ 411.5

Results of operations

(in millions of Canadian dollars)	January 1 – April 7, 2020	April 8 – December 31, 2020	January 1 – December 31, 2020
Revenues	$ 115.9	$ 295.6	$ 411.5
Direct materials, labour and others	81.0	190.4	271.4
Depreciation and amortization	6.7	16.1	22.8
Gross profit	$ 28.2	$ 89.1	$ 117.3
Operating expenses:			
Selling, general & administration	$ 16.2	$ 50.1	$ 66.3
Research & development	1.4	6.0	7.4
Amortization of intangible assets	0.3	42.2	42.5
Share based compensation	1.0	4.9	5.9
Total operating expenses	$ 18.9	$ 103.2	$ 122.1
Operating income (loss)	9.3	(14.1)	(4.8)

(in millions of Canadian dollars)		January 1 – April 7, 2020		April 8 – December 31, 2020		January 1 – December 31, 2020
Other expense (income), net		20.5		(25.7)		(5.2)
Finance costs		2.0		29.4		31.4
Income (loss) before income taxes		(13.2)		(17.8)		(31.0)
Income tax expense (recovery)		5.7		(0.5)		5.2
Net income (loss)	$	(18.9)	$	(17.3)	$	(36.2)

Statement of cash flows

(in millions of Canadian dollars)		January 1 – April 7, 2020		April 8 – December 31, 2020		January 1 – December 31, 2020
Cash, beginning of period	$	62.0	$	—	$	62.0
Total cash provided by (used in):						
Operating activities		14.0		56.4		70.4
Investing activities		(3.6)		(1,009.3)		(1,012.9)
Financing activities		(72.4)		1,033.5		961.1
Net foreign exchange difference		—		(2.0)		(2.0)
Increase (decrease) in cash	$	(62.0)	$	78.6	$	16.6
Cash, end of period	$	—	$	78.6	$	78.6

Adjusted EBITDA

(in millions of Canadian dollars)		January 1 – April 7, 2020		April 8 – December 31, 2020		January 1 – December 31, 2020
Net Income (loss)	$	(18.9)	$	(17.3)	$	(36.2)
Depreciation and amortization		7.0		16.1		22.8
Amortization of intangible assets		—		42.2		42.5
Income tax expense (recovery)		5.7		(0.5)		5.2
Interest		2.0		29.4		31.4
EBITDA	$	(4.2)	$	69.9	$	65.7
Unrealized foreign exchange loss (gain)		5.1		(4.1)		1.0
Unrealized gain on embedded derivatives		—		(7.0)		(7.0)
Restructuring costs		0.4		9.1		9.5
Acquisition costs		—		12.3		12.3
Loss related to Jupiter 3				23.0		23.0
Impairment		16.4		—		16.4
Share based compensation		1.0		4.9		5.9
Adjusted EBITDA	$	18.7	$	108.1	$	126.8

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

"**Backlog**" means the dollar sum of revenue that is expected to be recognized from firm customer contracts and is equivalent to remaining performance obligations as disclosed in our 2021 Audited Financial Statements

"**CHORUS**” (formerly 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

"**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.

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

"**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.

"**2021 Audited Financial Statements**" means the audited consolidated financial statements of the Company for the year ended December 31, 2021 and the accompanying notes filed on SEDAR.

"**MEO**" means medium Earth orbit

"**Net Debt**" means the sum of the total carrying amount of long-term debt, as presented in the 2021 Audited Financial Statements, less cash.

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

“**Order Bookings**” means the dollar sum of contract values of firm customer contracts.

"**Predecessor**" means the predecessor MDA Canada, comprising of the Canadian, U.K. and certain U.S. operations of Maxar – namely MDA GP Holdings Ltd., MDA Systems Inc., and Maxar Technologies ULC – 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

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

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

"**SAR**" means Synthetic Aperture Radar

"**TAM**" means total addressable market

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