PROSPECTUS

Initial Public Offering April 1, 2021

MDA Ltd.
$400,001,000
28,571,500 Common Shares

This prospectus qualifies the distribution in each of the provinces and territories of Canada (the "**Offering**") of an aggregate of 28,571,500 common shares (the "**Offered Shares**") of MDA Ltd. (the "**Company**", "**MDA**", "**we**" or "**us**"), at a price of $14.00 per Offered Share (the "**Offering Price**") for gross proceeds of approximately $400 million. If the Over-Allotment Option (as defined below) is exercised in full, an additional 4,285,725 Offered Shares will be sold pursuant to the exercise of the Over-Allotment Option. See "Plan of Distribution".

The Offering is being underwritten by BMO Nesbitt Burns Inc. ("**BMO**"), Morgan Stanley Canada Limited ("**Morgan Stanley**"), Scotia Capital Inc. ("**Scotia**" and together with BMO and Morgan Stanley, the "**Lead Underwriters**"), and Barclays Capital Canada Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., CIBC World Markets Inc., National Bank Financial Inc. and Stifel Nicolaus Canada Inc. (collectively with the Lead Underwriters, the "**Underwriters**").

Price: $14.00 per Offered Share

	Price to the Public(1)	Underwriters' Commissions(2)	Net Proceeds to the Company(3)
Per Offered Share	$ 14.00	$ 0.735	$ 13.265
Total Offering(4),(5)	$400,001,000	$20,625,990.42	$379,375,009.58

Notes:

(1) The Offering Price has been determined by negotiation between the Company and the Underwriters.

(2) In consideration of the services rendered by the Underwriters in connection with the Offering, the Company has agreed to pay the Underwriters an aggregate fee of $20,625,990.42 (the "**Underwriters' Commission**"), representing 5.25% of the gross proceeds from the Offering, excluding 508,928 Offered Shares (the "**President's List Shares**") to be purchased by certain purchasers under the Offering introduced by the Company. No fees will be payable to the Underwriters in respect of the President's List Shares. See "Plan of Distribution". As no fees are payable to the Underwriters in respect of the President's List Shares, the total Underwriters Commission and net proceeds to the Company have been calculated by excluding the fee of $0.735 per Offered Share in respect of the President's List Shares.

(3) After deducting the Underwriters' Commissions payable by the Company in respect of the Offering (which shall not be payable in respect of the President's List Shares) but before deducting the expenses of the Offering. The expenses of the Offering are estimated to be approximately $5.4 million and will be paid by the Company out of the proceeds of the Offering.

(4) Assumes no exercise of the Over-Allotment Option.

(5) The Company has agreed to grant to the Underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days (the "**Over-Allotment Option**") from the closing of the Offering (the "**Closing**"), to purchase up to an additional 4,285,725 Offered Shares (the "**Over-Allotment Shares**" and, together with the other Offered Shares and all other common shares in the capital of the Company, the "**Common Shares**"), representing 15% of the Offered Shares sold in the base Offering. The Over-Allotment Shares will be sold on the same terms as set out above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Commissions" and "Net Proceeds to the Company" will be $460,001,150, $23,775,998.30 and $436,225,151.68, respectively, taking into account that no fees are payable to the Underwriters in respect of the President's List Shares. This prospectus qualifies the distribution of the Over-Allotment Option. A purchaser who acquires Over-Allotment Shares forming part of the Underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

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The following table sets out the number of Over-Allotment Shares that may be issued by the Company to the Underwriters pursuant to the exercise of the Over-Allotment Option.

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price ($)
Over-Allotment Option	4,285,725	Up to 30 days following Closing	$14.00 per Common Share

Unless otherwise indicated, all information in this prospectus assumes that the Over-Allotment Option will not be exercised.

There is no market through which the Offered Shares may be sold and purchasers may not be able to resell the Offered Shares purchased under this prospectus. This may affect the pricing of the Offered Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Shares and the extent of issuer regulation. See "Risk Factors".

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Common Shares under the symbol "MDA". Listing is subject to the Company fulfilling all of the requirements of the TSX on or before June 22, 2021. See "Plan of Distribution".

An investment in the Offered Shares is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "Risk Factors" before purchasing the Offered Shares.

In connection with the Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Offered Shares at a lower price than stated above. See "Plan of Distribution — Pricing of the Offering".**

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement among the Company and the Underwriters dated April 1, 2021 (the "**Underwriting Agreement**") referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the Closing will occur on or about April 7, 2021, or such later date as the Company and the Underwriters may agree, but in any event not later than April 14, 2021 (the "**Closing Date**"). The Offered Shares to be sold in the Offering will be issued in registered form to CDS Clearing and Depository Services Inc., or to its nominee ("**CDS**"), and deposited with CDS in electronic form on the Closing Date. A purchaser of Offered Shares will receive only a client confirmation from the registered dealer from or through which the Offered Shares are purchased.

Certain affiliates of BMO, Scotia, RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc. are lenders and/or agents in respect of the First Lien Credit Facilities (as defined herein). Accordingly, we may be considered a "connected issuer" to BMO, Scotia, RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc.within the meaning of National Instrument 33-105 — *Underwriting Conflicts*. See "Relationship between Us and Certain Underwriters".

Brendan Paddick, Darren Farber, Jill Smith and James Stavridis, directors of the Company, reside outside of Canada and have appointed GODA Incorporators, Inc., 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, as their agent for service of process in Ontario. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "Risk Factors".

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GENERAL MATTERS

None of the Company or the Underwriters are making an offer to sell or seeking offers to buy Offered Shares in any jurisdiction where such offer or sale is not permitted. For investors outside Canada, none of the Company or any of the Underwriters have done anything that would permit the Offering or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

Prospective purchasers should assume that the information appearing in this prospectus is accurate only as at the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of Offered Shares. The Company's business, financial condition, results of operations and prospects may have changed since that date. The Company maintains a website at https://mda.space. Information presented on or accessed through the Company's website is not incorporated into, or made part of, this prospectus.

This prospectus includes a summary description of certain material agreements of the Company. See "Material Contracts". The summary description discloses attributes that the Company considers material to an investor in the Offered Shares but is not complete and is qualified in its entirety by reference to the terms of the material agreements, which will be filed with the applicable Canadian securities regulatory authorities and available under the Company's profile on SEDAR at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

Any graphs, tables and diagrams included in this prospectus to demonstrate the Company's historical performance are (a) intended to illustrate past performance and are not necessarily indicative of future performance of the Company, and (b) may include approximations due to rounding.

Unless stated otherwise, all figures and references to metrics of the Company contained in this prospectus include the data from the businesses acquired by the Company prior to their acquisition by the Company.

Unless otherwise indicated, all information in this prospectus, other than the Financial Statements, the MD&A and the section entitled "Prior Sales", gives effect to the Pre-Closing Reorganization, as described under "Description of Share Capital — Pre-Closing Reorganization", but does not give effect to the exercise of the Over-Allotment Option or any options or other convertible securities issued by the Company, including as described in "Options to Purchase Securities".

Capitalized terms used in this prospectus are defined under "Glossary".

NON-IFRS FINANCIAL MEASURES

This prospectus makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this prospectus may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Gross Profit and Adjusted Gross Profit Percentage to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and restructuring, impairment and other charges, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period. See "Management's Discussion and Analysis — Non-IFRS Financial Measures". The Company defines such financial measures as follows:

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 loss (gain) on foreign currency forward contracts, (ii) unrealized gain on embedded derivatives, (iii) restructuring costs, (iv) acquisition costs, (v) impairment of investments, (vi) share based compensation, (vii) release of reserve relating to Ukraine satellite and (vii) loss relating to a non-recurring purchase date contract renegotiation (Jupiter 3).

Adjusted EBITDA margin

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

Adjusted Gross Profit and Adjusted Gross Profit Percentage

We use Adjusted Gross Profit to give effect to the removal of all depreciation relating to the fair value increment of fixed assets and amortization of intangible assets purchased from Maxar to allow for a comparison to the historical financial information of MDA. Adjusted Gross Profit represents gross profit as presented in the Financial Statements plus the amortization of intangibles acquired in the purchase of MDA from Maxar. Adjusted Gross Profit Percentage is calculated as Adjusted Gross Profit divided by revenue.

FORWARD-LOOKING INFORMATION

This prospectus 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 achieves 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, in the sections of this prospectus entitled "Prospectus Summary", "Growth Strategies", "The Company", "Industry", "Use of Proceeds", "Management's Discussion and Analysis" and "Risk Factors".

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. The forward-looking information includes, among other things, statements relating to:

- the completion, size, expenses and timing of the Closing of the Offering;
- the Pre-Closing Reorganization;
- the long-term impact of COVID-19 on the Company's business, financial position, results of operations and/or cash flows;
- the Company's expectations regarding certain of its future results and information, including, among others, revenue, expenses, Adjusted EBITDA, Adjusted EBITDA margin, sales growth, expenditures, operations and use of future cash flow;
- the Company's ability to execute on its key strategic growth priorities, including its ability to perform its obligations under its flagship programs and its expectations related thereto;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's ability to protect, maintain and enforce its intellectual property;
- third party claims of infringement or violation of, or other conflicts with, intellectual property rights;
- the Company's plans for and timing of expansion of its services;
- expectations regarding industry trends, overall market growth rates and the Company's future growth rates, plans and strategies;
- the Company's ability to attract new clients and further develop and maintain existing clients;
- the Company's ability to continue to attract and retain personnel;
- the Company's competitive position and the regulatory environment in which it operates;
- anticipated trends and challenges in the Company's business and the markets in which it operates;
- expectations regarding future director and executive officer compensation levels and plans;
- the gross and net proceeds of the Offering and the Company's anticipated use of such proceeds; and
- the market price for the Common Shares.

In addition, MDA's assessments of, and targets for, revenue, Adjusted EBITDA and Adjusted EBITDA margin are considered forward-looking information. See "The Company", "Industry" and "Growth Strategies" for additional information concerning the Company's strategies, assumptions and market outlook in relation to these assessments.

Statements containing forward-looking information are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. These assumptions include our ability to maintain and expand the scope of our business; our ability to execute on our growth strategies; assumptions relating to government support and funding levels for space programs and missions; continued and accelerated growth in the global space economy; the impact of competition; our ability to retain key personnel; our ability to obtain and maintain existing financing on acceptable terms; changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, prospective purchasers of Offered Shares should not place undue reliance on the forward-looking information. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- risks relating to the ongoing COVID-19 pandemic or other health epidemics, pandemics and similar outbreaks, including the resulting global economic uncertainty and measures taken in response to the pandemic, which may have a sustained material adverse effect on the Company's business, financial position, results of operations and/or cash flows;
- uncertain global macro-economic and political conditions, which could materially adversely affect the Company's results of operations and financial condition;
- catastrophic space events, natural disasters and other significant disruptions, which could materially adversely affect the Company's results of operations and financial condition, and impact the Company's ability to effectively perform its daily operations and provide and produce its products and services;
- the Company's business being subject to the policies, priorities, mandates and funding levels of governmental entities and may be negatively or positively impacted by any changes thereto;
- the Company's contracts with governmental entities may be terminated or suspended by the government at any time;
- the Company's business being subject to government regulation and may be negatively impacted by the ability of the Company to comply with such regulations or to obtain any required regulatory approvals;
- the loss or failure of RADARSAT-2 could have a material adverse effect on the Company's results of operations and financial condition;
- a significant portion of the Company's expected revenue over the next several years is concentrated in a small number of contracts and the loss or reduction in scope of any such contract would materially reduce revenue;
- failing to successfully implement the Company's growth strategy;
- the Company's reliance on a single supplier or a limited number of suppliers to provide certain key products or services and the inability of these key suppliers to meet its needs, which could have a material adverse effect on its business;
- disruptions in the supply of key raw materials or components and difficulties in the supplier qualification process, as well as increases in prices of raw materials, which could adversely impact the Company;
- the Company operates in highly competitive industries and in various jurisdictions across the world which may cause the Company to have to reduce its prices;
- the Company may not be successful in developing new technology and the technology the Company is successful in developing may not meet the needs of its customers or potential new customers;
- the negative impact on the Company's revenue, results of operations and reputation if the Company's products contain defects or fail to operate in the expected manner;

- the Company may have potential contractual liability for errors or defects in its products or systems;
- the Company's dependency on its ability to attract, train and retain employees;
- risks relating to some of the Company and its suppliers' workforces being represented by labour unions, which may lead to work stoppages;
- the Company's technology violating the proprietary rights of third parties and its intellectual property being misappropriated or infringed upon by third parties;
- confidentiality agreements with employees and others not adequately preventing disclosure of trade secrets and other proprietary information;
- significant disruptions in or unauthorized access to the Company's IT networks and related systems or those of third parties that the Company utilizes in its operations, including those relating to cybersecurity or arising from cyber-attacks, which could result in a loss or degradation of service, unauthorized disclosure of data, or theft of intellectual property, any of which could materially adversely impact the Company's business;
- the Company's dependence on data and systems, and its inability to prevent all possible errors or threats;
- certain of the products offered by the Company are dependent on data supplied by third parties;
- the Company's business being subject to various regulatory risks that could adversely affect its operations;
- the Company's operations being subject to governmental law and regulations relating to environmental matters, which may expose it to significant costs and liabilities that could negatively impact its financial condition;
- the Company's international business exposing it to risks relating to increased regulation, and political or economic instability in foreign markets;
- the Company's employees or others acting on the Company's behalf may engage in misconduct or other improper activities, which could cause the Company to lose contracts or incur costs;
- the Company not being able to successfully consummate or integrate acquisitions;
- the Company having significant goodwill and identifiable intangible assets recorded on its balance sheet, which may be subject to impairment losses that would reduce our reported assets and earnings;
- the Company not receiving the full amounts estimated under the contracts in its backlog, which could reduce revenue in future periods below the levels anticipated;
- a portion of the Company's contracts are firm fixed price contracts, which involves risk if the Company is unable to deliver under the contract within the time specified and at a cost to the Company which is less than the contract price;
- the Company's cash flow and profitability could be reduced if expenditures are incurred prior to the final receipt of a contract;
- the ability to obtain additional debt or equity financing or government grants to finance operating working capital requirements and growth initiatives being limited or difficult to obtain;
- increasing debt servicing costs;
- changes affecting the availability of the LIBOR having consequences for us that cannot yet reasonably be predicted;
- tax law changes or the Company experiencing adverse outcomes resulting from examination by the tax authorities of its income tax returns;
- making incorrect accounting estimates and judgments;
- the adoption of new accounting standards or interpretations;
- failing to establish and maintain effective internal controls in accordance with NI 52-109;

- certain of the Company's commercial satellite customers are highly leveraged and may not fulfill their contractual payment obligations, including vendor financing;
- the Company has provided, and may provide in the future, partial financing of working capital to or on behalf of its customers to enable it to remain competitive in certain satellite construction contracts;
- a small number of the Company's systems and satellite construction contracts permit its customers to pay a portion of the purchase price based on future performance;
- future satellites being subject to construction and launch delays, launch failures, damage or destruction during launch;
- the Company's continued growth in the commercial satellite market is dependent on the growth in the sales of services provided by its customers as well as the development by its customers of new services;
- the dependence of the Company's business strategy on the Company's ability to form corporate alliances with leading companies;
- the market not accepting the Company's products and services;
- the Company's fixed costs, which may reduce its flexibility to make certain reductions or changes in the event of a slowdown or downturn in the business;
- many of the Company's customers have specific security requirements that can change quickly and with little notice;
- fluctuations in foreign exchange rates;
- the Company's business involving significant risks and uncertainties that may not be covered by insurance;
- current or future litigation;
- the classified nature of some of the Company's contracts, which may limit investor insight into portions of the Company's business;
- the Company and/or its subsidiaries being required to post letters of credit or other forms of bonds and parental guarantees under a number of the Company's contracts;
- growth placing significant demands on the Company's management and infrastructure;
- the increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies;
- not maintaining the Company's corporate culture;
- negative publicity;
- risk management efforts not being effective;
- incurring operating losses in the future;
- risks relating to pension and other postretirement benefit obligations of the Company, which could materially impact the Company's earnings, shareholders' equity and cash flows from operations, and could have a significant adverse impacts in future periods;
- future sales of Common Shares by existing shareholders;
- future offerings of debt securities, which rank senior to the Common Shares upon bankruptcy or liquidation, and future offerings of equity securities that are senior to the Common Shares for the purposes of dividend and liquidating distributions;
- an active, liquid and orderly trading market for the Common Shares not developing;
- dilution and future sales of Common Shares;
- use of proceeds of the Offering not being specified with certainty; and
- risks relating to the Company's policy with respect to dividends.

These factors should not be considered exhaustive and should be read together with the other cautionary statements in this prospectus.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

Although the Company bases the forward-looking information on assumptions that it believes are reasonable when made, the Company cautions investors that statements containing forward-looking information are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking information contained in this prospectus. 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 prospectus, 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 prospectus 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.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning the industry and the markets in which the Company operates, including its general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, such as the Satellite Industry Association, the Space Foundation and the World Meteorological Organization, or other third party sources (including industry publications, surveys and forecasts), such as Euroconsult, Northern Sky Research, Space Capital, the US Chamber of Commerce, the US Department of Defense, the United Nations, the Cato Institute and BIS Research, and other specialist reports commissioned by management to validate industry assumptions, management studies and estimates.

Unless otherwise indicated, the Company's estimates are derived from publicly-available information released by independent industry analysts and third party sources as well as data from its internal research and include assumptions made by the Company which it believes to be reasonable based on its knowledge of the industry and markets in which the Company operates. The Company's internal research and assumptions have not been verified by any independent source and the Company has not independently verified any third party information. While the Company believes the market position, market opportunity and market share information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "Forward-Looking Information" and "Risk Factors".

TRADE-MARKS, TRADE NAMES AND COPYRIGHTS

This prospectus includes trade-marks, trade names and material subject to copyright, including the trade-marks/trade names "MDA" and "MacDonald Dettwiler" which have been filed and are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trade-marks, trade names and copyrighted material referred to in this prospectus may appear without the ™, ® or © symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trade-marks, trade names and copyrights. See "The Company — Intellectual Property". All other trade-marks used in this prospectus are the property of their respective owners.

MARKETING MATERIALS

A "template version" of the following "marketing materials" (each such term as defined in National Instrument 41-101 — *General Prospectus Requirements*) for this Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

1. the investor presentation filed on SEDAR on March 22, 2021 (the "**Investor Presentation**");
2. the term sheet filed on SEDAR on March 22, 2021; and
3. the term sheet filed on SEDAR on April 1, 2021.

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof, but prior to the termination of the distribution of Offered Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials utilized in connection with this Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, provided the Offered Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX) on the Closing Date, the Offered Shares would, if issued on such date, be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), a tax-free savings account ("**TFSA**") or a deferred profit sharing plan, each as defined in the Tax Act.

Notwithstanding that the Offered Shares may be a qualified investment for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax under the Tax Act if the Offered Shares are a "prohibited investment" (within the meaning of the Tax Act) for the particular TFSA, RRSP, RRIF, RESP or RDSP. The Offered Shares will not be a prohibited investment for a TFSA, RRSP, RRIF, RESP or RDSP provided the holder, annuitant or subscriber thereof, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in the Company. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are "excluded property", as defined in the Tax Act, for trusts governed by a TFSA, RRSP, RRIF, RESP or RDSP. Prospective purchasers who intend to hold Offered Shares in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own tax advisors regarding their particular circumstances.

GLOSSARY

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

All references to the "Company", "MDA", "we", "us" or "our" refer to MDA Ltd. together with its subsidiaries, on a combined basis, as constituted on the Closing Date, assuming that the transactions described in this prospectus under the heading "Description of Share Capital — Pre-Closing Reorganization", have been completed.

"**Acquisition**" means the acquisition by the Purchaser of (a) all of the outstanding common shares of Maxar Technologies ULC owned by Maxar, and (b) all of the outstanding common shares of MDA GP Holdings Ltd. and all of the outstanding shares of common stock of MDA Systems Inc. owned by Maxar Technologies Holdings Inc., pursuant to the terms of the Stock Purchase Agreement.

"**AI**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**AI&T**" has the meaning set out under the heading "Prospectus Summary — Competitive Strengths".

"**allowable capital loss**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**Application**" has the meaning set out under "Exemptions Under Securities Laws".

"**Audit Committee**" means the Audit Committee of the Board.

"**BCBCA**" means the *British Columbia Business Corporations Act* (British Columbia).

"**BMO**" means BMO Nesbitt Burns Inc.

"**Board**" or "**Board of Directors**" means the board of directors of MDA.

"**CISA**" means the Swiss Federal Act on Collective Investment Schemes.

"**Closing**" means the closing of the Offering.

"**Closing Date**" means April 7, 2021, or such later date as the Company and the Underwriters may agree, but in any event not later than April 14, 2021.

"**Common Shares**" has the meaning ascribed thereto on the cover page of this prospectus.

"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong).

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

"**Compensation and Governance Committee**" means the Compensation, Corporate Governance and Nominating Committee of the Board.

"**Convention**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**Corporations Act**" means the Corporations Act, 2001 (*Australia*).

"**COVID-19**" means the novel coronavirus named COVID-19.

"**Credit Agreement**" has the meaning set out under the heading "Description of Material Indebtedness — First Lien Credit Facilities".

"**CSA**" means the Canadian Space Agency.

"**DESS-P**" has the meaning set out under the heading "Prospectus Summary — Growth Strategies".

"**DFSA**" means the Dubai Financial Services Authority.

“**DRA**” has the meaning set out under the heading “Prospectus Summary — Growth Strategies”.

“**Employee Trust**” has the meaning set out under the heading “Executive Compensation — Components of Compensation — Employee Trust”.

“**EO**” has the meaning set out under the heading “Prospectus Summary — The Company”.

“**EOSC**” has the meaning set out under the heading “Prospectus Summary — Growth Strategies”.

“**Exempt Investors**” has the meaning set out under the heading “Plan of Distribution — Notice to Prospective Investors in Australia”.

“**FIEL**” means the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended).

“**Financial Statements**” has the meaning set out under the heading “Summary Financial Information”.

“**First Lien Credit Facilities**” has the meaning set out under the heading “Description of Material Indebtedness — First Lien Credit Facilities”.

“**Fiscal 2018**” means the 12 month period ended December 31, 2018.

“**Fiscal 2019**” means the 12 month period ended December 31, 2019.

“**Fiscal 2020**” means the 12 month period ended December 31, 2020.

“**Fiscal 2021**” means the 12 month period ending December 31, 2021.

“**Fiscal 2022**” means the 12 month period ending December 31, 2022.

“**Fiscal 2024**” means the 12 month period ending December 31, 2024.

“**Fiscal 2025**” means the 12 month period ending December 31, 2025.

“**Fiscal 2026**” means the 12 month period ending December 31, 2026.

“**Form 41-101F1**” means Form 41-101F1 — *Information Required in a Prospectus*.

“**FSMA**” means the Financial Services and Markets Act 2000.

“**General Partner**” means Neptune Acquisition GP Inc.

“**GEO**” has the meaning set out under the heading “Prospectus Summary — The Company”.

“**Holder**” has the meaning set out under the heading “Certain Canadian Federal Income Tax Considerations”.

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

“**Incumbent Board**” has the meaning set out under the heading “Executive Compensation — Components of Compensation — Long-Term Incentive Plans — Change in Control”.

“**Intercreditor Agreement**” has the meaning set out under the heading “Description of Material Indebtedness — Intercreditor Agreement”.

“**Investor Group**” has the meaning set out under the heading “Prospectus Summary — Our Investors”.

“**IoT**” has the meaning set out under the heading “Prospectus Summary — The Company”.

“**ISS**” has the meaning set out under the heading “Prospectus Summary — The Company”.

“**Lead Underwriters**” means BMO, Morgan Stanley and Scotia.

“**Legacy Stock Option Plan**” means the amended and restated stock option plan of the Company dated as of February 16, 2021.

"**Limited Partners**" means the limited partners of the Partnership.

"**Lenders**" has the meaning set out under the heading "Description of Material Indebtedness — First Lien Credit Facilities".

"**LEO**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**LIBOR**" has the meaning set out under the heading "Risk Factors".

"**LiDAR**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**Locked-up Shareholders**" means the shareholders, members of management and directors of the Company who will hold Common Shares as of immediately prior to the Closing.

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

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

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

"**MD&A**" has the meaning set out under the heading "Management's Discussion and Analysis".

"**Member State**" means any Member State of the European Economic Area.

"**MEO**" means medium Earth orbit.

"**Morgan Stanley**" means Morgan Stanley Canada Limited.

"**NASA**" means the National Aeronautics and Space Administration.

"**NEOs**" has the meaning set out under the heading "Executive Compensation — Introduction".

"**Neptec**" means Neptec Design Group Limited.

"**Newco Shares**" has the meaning set out under the heading "Description of Share Capital — Pre-Closing Reorganization".

"**NI 52-109**" means National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filing*.

"**NI 52-110**" means National Instrument 52-110 — *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.

"**Non-Resident Holder**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**Note Holder**" has the meaning set out under the heading "Description of Material Indebtedness — Second Lien Notes — Payment and Redemption of Notes".

"**Note Indenture**" has the meaning set out under the heading "Description of Material Indebtedness — Second Lien Notes".

"**Notes**" has the meaning set out under the heading "Description of Material Indebtedness — Second Lien Notes".

"**NP 58-201**" means National Policy 58-201 — *Corporate Governance Guidelines*.

"**NPC**" means Northern Private Capital Ltd.

"**NRT Facility**" has the meaning set out under the heading "Description of Material Indebtedness — First Lien Credit Facilities".

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Offered Shares**" has the meaning ascribed thereto on the cover page of this prospectus, and for certainty includes the Over-Allotment Shares.

"**Offering**" has the meaning ascribed thereto on the cover page of this prospectus.

"**Offering Price**" has the meaning ascribed thereto on the cover page of this prospectus.

"**Omnibus Plan**" has the meaning set out under the heading "Executive Compensation — Compensation Discussion and Analysis — Overview".

"**Partnership**" means Neptune Acquisition Limited Partnership.

"**PIM**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**Pre-Closing Reorganization**" means the transactions (including, for certainty, the Share Consolidation) described under the heading "Description of Share Capital — Pre-Closing Reorganization".

"President's List Shares" has the meaning ascribed thereto on the cover page of this Prospectus.

"**Prospectus Regulation**" means Regulation (EU) 2017/1129.

"**Purchaser**" means Neptune Acquisition Inc.

"**QII**" has the meaning set out under the heading "Plan of Distribution — Notice to Prospective Investors in Japan".

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

"**RDSP**" has the meaning set out under the heading "Eligibility for Investment".

"**Regulation 32**" means Regulation 32 of the Securities and Futures (Offers of Investments) (Offered Shares and Debentures) Regulations 2005 of Singapore.

"**Relevant State**" has the meaning set out under the heading "Plan of Distribution — Notice to Prospective Investors in the European Economic Area".

"**Resident Holder**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**RESP**" has the meaning set out under the heading "Eligibility for Investment".

"**RRIF**" has the meaning set out under the heading "Eligibility for Investment".

"**RRSP**" has the meaning set out under the heading "Eligibility for Investment".

"**RT Facility**" has the meaning set out under the heading "Description of Material Indebtedness — First Lien Credit Facilities".

"**SAR**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**SARnext**" has the meaning set out under the heading "Prospectus Summary — The Company".

"**Scotia**" means Scotia Capital Inc.

"**Second Lien Notes**" has the meaning set out under the heading "Description of Material Indebtedness — Second Lien Notes".

"**Securities and Futures Ordinance**" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

"**SFA**" means the Securities and Futures Act, Chapter 289 of Singapore.

"**Share Consolidation**" has the meaning set out under the heading "Description of Share Capital — Pre-Closing Reorganization".

"**Shareholder Lock-up**" has the meaning set out under the heading "Plan of Distribution — Lock-Up Arrangements".

"**SIX**" means the SIX Swiss Exchange.

"**Stock Purchase Agreement**" means the stock purchase agreement dated as of December 29, 2019 (as amended from time to time) by and among Maxar, Maxar Technologies Holdings Inc. and the Purchaser.

"**TAM**" has the meaning set out under the heading "Prospectus Summary — Growth Strategies".

"**Tax Act**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**taxable capital gain**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**Tax Proposals**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations".

"**TFSA**" has the meaning set out under the heading "Eligibility for Investment".

"**Total Debt/EBITDA Ratio**" has the meaning set out under the heading "Description of Material Indebtedness — First Lien Credit Facilities — Interest Rates, Fees, Payment and Prepayments".

"**Trustee**" has the meaning set out under the heading "Description of Material Indebtedness — Second Lien Notes".

"**UAV**" means unmanned aerial vehicle.

"**Underwriters**" has the meaning ascribed thereto on the cover page of this prospectus.

"**Underwriters' Commission**" has the meaning ascribed thereto on the cover page of this prospectus.

"**Underwriting Agreement**" has the meaning set out under the heading "Plan of Distribution — General".

"**U.S.**" means the United States of America.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**WFH**" has the meaning set out under the heading "Risk Factors".

"**$**" means Canadian dollars, the lawful currency of Canada.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and certain information contained elsewhere in this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in the Offered Shares. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus, and the Company's Financial Statements, before making an investment decision.

THE COMPANY

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

Across our three business areas, Geointelligence, Robotics & Space Operations, and Satellite Systems, we serve nearly every sector of the rapidly growing space economy, with mission expertise and technology tailored to new space applications. In Geointelligence, we use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of use cases, including in the areas of national security, climate change monitoring, and global commerce. In Robotics & Space Operations, we enable humanity's exploration of space by providing autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. In Satellite Systems, we provide systems and spacecraft to enable space-based services, including next generation communication technologies designed to deliver space-based broadband internet connectivity from low Earth orbit ("**LEO**") satellite constellations.

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

- ***The industry leader in space robotics solutions.*** Our space robotics expertise includes the design, build, and servicing of two generations of the Canadarm family of robotic space arms and extends into the future with the Canadarm3 program that was recently awarded to us. Our third generation Canadarm will provide Artificial Intelligence ("**AI**")-based robotics for the U.S.-led Lunar Gateway, a lunar outpost designed to enable sustainable human exploration of the Moon and future deep space missions. We intend to leverage our involvement in the Lunar Gateway project to deliver new robotic and automation technologies and mission support services to drive expansion into emerging space applications such as in-space manufacturing, asteroid mining, and space debris monitoring and removal.
- ***Innovative and proven on-orbit servicing capabilities.*** We designed and built 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 geosynchronous orbit ("**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.
- ***Cutting-edge designer and manufacturer of LEO communication satellite systems and sub-systems.*** We have provided satellite subsystems to enable next generation high-throughput and mobile communications systems constellations such as O3B, Iridium Next, and OneWeb. We continue to be at the forefront of LEO systems development as a provider of digital satellite technology to Telesat's recently announced highly advanced LEO constellation named Lightspeed, one of the world's first digital space-based broadband internet communication constellations. To support these customers, we have continually adapted our satellite-manufacturing base, which now includes fourth generation robotics-based technologies capable of manufacturing dozens of small satellites and satellite sub-systems each month.
- ***Leading provider of Synthetic Aperture Radar ("SAR")-based imagery, analytics, and information services.*** We are a global provider of SAR-based Earth observation ("**EO**") data and value-added

services and have embarked on a major new initiative to build our next generation commercial C-band EO satellite system, which we refer to as "**SARnext**". By bringing together multiple data sources, SARnext is designed to expand on our current capabilities, provide data continuity for our existing customers, and enhance our ability to increase our share of the growing EO market.

- ***Global maritime information platform for vessel detection and climate monitoring.*** We have been a longstanding provider of EO data and value-added services for maritime and climate change monitoring applications. We are currently developing a next generation information platform with numerous applications, including tracking maritime activity, visualizing maritime crime patterns, identifying and monitoring illegal, unreported and unregulated fishing, tracking ice floes, monitoring crops, mapping wetlands, detecting pollution, and spotting illegal deforestation. Our new maritime domain awareness platform will leverage the capabilities of SARnext and enhance our current maritime information services and will be expandable to adjacent markets and domains.
- ***Advanced sensor product suite for new space missions.*** Our Electro-Optic and Light Detection and Ranging ("**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 International Space Station ("**ISS**") and next generation versions are expected to be used to land spacecraft on the Moon and Mars.

Space technology is a critical component of modern life, integral to a broad range of industries including communications, defense, navigation, and agriculture, and an important tool to monitor and help combat climate change. As technology and space-based applications continue to evolve and expand, space is becoming an increasingly important domain for both commercial and government organizations. The U.S. Chamber of Commerce estimates that the space economy will grow from approximately US$385 billion in 2017 to US$1.5 trillion by 2040. This growth is expected to be driven by increasing demand and activity in the following key areas: (i) space-based communications systems to deliver global broadband connectivity, Internet of Things ("**IoT**") networks, and 5G mobile services; (ii) EO data and value-added services for commercial and defense purposes; (iii) an estimated 130 space exploration missions over the next decade; and (iv) growing new sectors of the space economy, including on-orbit servicing and assembly, space debris monitoring and removal, and space manufacturing.

Our leading position in the space industry is driven by our broad suite of technology and full lifecycle solutions and is highlighted by our 70% win rate in recent years on bids that proceed to contract. We work collaboratively with our customers in the early engineering phases of product development and seek to provide services throughout a platform's life, including hardware and software engineering, prototyping, manufacturing, integration, operation of the platform, and ongoing maintenance services. This approach provides long-term recurring revenue opportunities that often span decades.

Our positioning today as an independent merchant supplier allows us to serve a broad range of industry participants, including emerging space companies, prime contractors servicing the space industry, and over 75 governments with space agencies around the world. Our separation from Maxar has enabled us to work more freely with U.S. prime contractors, which we believe has materially increased our revenue potential with the U.S. government. Our return to Canadian ownership has better positioned us with the Canadian government to win major Canadian space projects as well as a greater share of work from international customers.

Our capabilities are divided into the following three business areas:

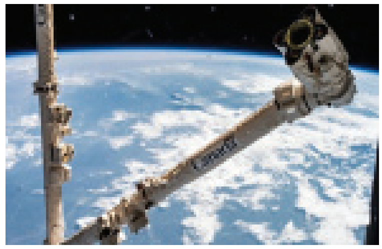
Geointelligence

45% of Fiscal 2020 Revenue

- End-to-end solutions and services related to EO and defense intelligence systems
- World-class operational geospatial intelligence systems as well as solutions and services empowering commercial and government users around the world to make mission-critical decisions
- Own and operate worldwide commercial data distribution for the RADARSAT-2 satellite and act as a distributor for many other third party missions
- Industry leading capabilities in multi-mission EO ground stations

Robotics & Space Operations

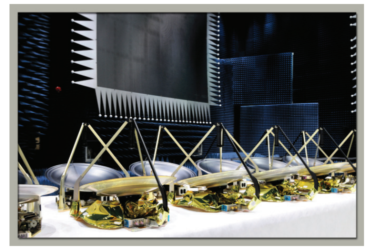
28% of Fiscal 2020 Revenue



- Technologies for exploration mobility, space manipulation, control and autonomy, perception, robotic interfaces, vision and sensor systems, and on-orbit servicing
- One of the world's only suppliers of small-to-large scale flight heritage robotics
- Provided robotics on over 100 space shuttle missions and sensors, enabling Hubble space telescope repair and upgrade, and ISS assembly
- Rich patent portfolio for 3D imaging, robotics, on-orbit servicing, and autonomous guidance and navigation of planetary rovers
- Sensors and robotics have been operational on Mars for over 12 years
- Industry standard for grapple fixtures

Satellite Systems

27% of Fiscal 2020 Revenue

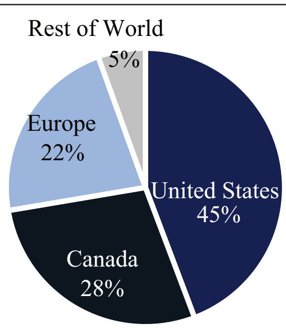


- Satellite systems and sub-systems used in LEO, MEO, and GEO satellites for commercial and government customers worldwide
- World's only merchant supplier of high-volume LEO antennas
- Our antennas, payloads and electronics have flown on more than 300 space flight missions
- High-volume production capability for large satellite constellations
- Developing a range of digital components (e.g., channelizer, on-board processor, and active antennas) to address industry transition from analog satellites to digital satellites

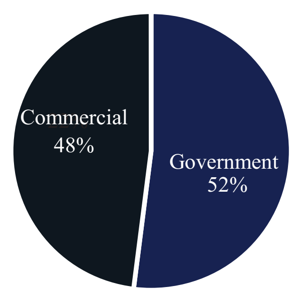
We believe our expertise and capabilities align well with the expected key growth drivers of the space economy over the next decade, including the deployment of satellite constellations for communications and Earth observation applications, space exploration, space-based defense spending, and on-orbit servicing of satellites and spacecraft. The chart below provides an overview of our current and potential product and service suite across our three business areas:

We have a large and diverse global customer base with hundreds of large and small pursuits. For the fiscal year ended December 31, 2020, our revenue by geography and customer type were as follows:

Revenue by Geography



Revenue by Customer Type



Our marquee commercial and government relationships include:

Our combination of agility and scale enables us to deliver what matters to our customers:

What Matters to Customers	New Space Companies	MDA	Large Prime Contractors
Confidence in Mission Success		✓	✓
Customized & Innovative Solutions	✓	✓	
Commercial R&D Investment	✓	✓	
Speed to Market	✓	✓	
Cost Efficient Solutions	✓	✓	
Expertise in Complex Missions		✓	✓
Proven and Optimized Supply Chain		✓	✓

Investments in our people and research and development are key to us staying at the forefront of technological innovation. Today we have over 1,100 engineers averaging over 10 years of experience with the Company, working across nine facilities in Canada and three international sites with some of the highest quality equipment and resources in the industry at their disposal.

Our world-class Geointelligence facilities contain satellite mission operations centers for EO and space observation. Our state-of-the-art Robotics facilities contain one of the leading space robotics manufacturing, integration, and test facilities with simulation capabilities to design, rehearse, and troubleshoot on-orbit robotics motion and dynamics. Our facilities also contain a wide range of sensor and autonomous control laboratories, and robotics simulation and virtual reality environments. We are also establishing a next generation mission control center for on-orbit robotics at our Brampton facility. Our Satellite Systems facility in Quebec contains one of the largest compact ranges for satellite testing in the world and one of the largest near field ranges in the world. Our Satellite Systems facility also contains a wide range of thermal, environmental, Passive Intermodulation ("**PIM**"), and vibration test facilities. In addition, we have recently established a high volume and fourth generation manufacturing environment that links automated robotic assembly, data exchange, real-time communications, and the IoT to empower better processes, smarter decision-making, and improved quality standards to produce high volume LEO satellite systems.

Over the next five years, we expect to invest over $600 million in technology development and hire an additional 400 engineers to support our growth strategies.

OUR INDUSTRY

The U.S. Chamber of Commerce estimates the global space economy will expand by over US$1.1 trillion from 2017 to 2040, to US$1.5 trillion annually. This growth is expected to be driven by unprecedented commercial and government investments in space, which reflects the importance of space in an increasingly global, sophisticated, and data-driven world. Commercial spending on space is being driven by record levels of equity investment, which reached an all-time high of US$8.9 billion in 2020, a 50% increase compared to 2019[1], according to Space Capital. Global government budgets for space also reached an all-time high of US$83 billion in 2020, a 10% increase over 2019. In 2020 alone, industry milestones exemplifying the strength and growth of the global space economy included: (i) the U.S. Federal Communications Commission received license requests for over 80,000 new LEO satellites; (ii) the first successful commercial on-orbit satellite servicing mission was completed; (iii) the first private rocket reached the ISS; (iv) the C-band spectrum auction drove 13 new GEO satellite communication contracts; and (v) 1,275 satellites were launched into orbit, a 160% increase compared to 2019. Our portfolio of world-class technology is directly tied to the fastest growing areas of the space economy, including the deployment of LEO satellite constellations for communications and EO applications, space exploration, space-based defense spending, and on-orbit servicing of satellites and spacecraft.

Lower Costs and New Technologies are Driving the Commercialization of Space

New commercial space-based businesses are increasingly becoming more prevalent due to lower launch costs and more powerful satellite technologies. Between 1970 and 2000, the average cost to launch a payload into low Earth orbit was US$18,500 per kilogram. The cost to launch a payload into low Earth orbit today is approximately US$3,000 per kilogram, and is expected to fall to US$500 per kilogram according to the *Cato Institute*. The development of small satellites with new technologies and advanced capabilities has resulted in a significant reduction in the cost of satellites.

The combination of technology advancements and reduced launch and satellite costs has improved the economic feasibility of many space-based activities and services, including space-based broadband internet, EO, manned spaceflight, space tourism, and asteroid mining.

Space is Enabling Global Connectivity

We live in an increasingly interconnected and data dependent world, where over 70,000 gigabytes of data is sent over the internet every second. Data usage is expected to continue to increase as available bandwidth expands to enable universal connectivity and next generation technologies. Internet access is becoming a basic human right and global broadband connectivity is a critical pillar for socioeconomic development. Broadband internet connectivity will grow from 51% of the global population in 2019 to 75% in 2025, according to the *United Nations*.

Satellites represent one of the most efficient methods to support universal connectivity and are disrupting traditional terrestrial broadband providers. The proliferation of LEO satellite constellations will drive the majority of new satellite capacity, while GEO satellite demand is expected to remain stable as an important source of broadband connectivity. OneWeb, SES, Lightspeed (Telesat), Starlink (SpaceX), and Kuiper (Amazon) are collectively expected to deploy over 8,600 small LEO satellites within the next five years. *Northern Sky Research* estimates that more than 66 Tbps of capacity is expected to launch from the Phase 1 constellations of these companies within the next 5 years, compared to approximately 10 Tbps of additional capacity from GEO-HTS over the same period. These LEO communication constellations are critical to supporting global connectivity needs and enabling next generation technologies, including IoT applications, connected vehicles, and 5G backhaul and front haul.

Earth Observation is Critical to Global Sustainability and Economic Productivity

Euroconsult estimates that the global market for EO data and services will reach US$8 billion by 2029, growing from US$4.6 billion in 2019. EO plays a critical role in search and rescue mission effectiveness as well

[1] Represents space infrastructure venture spending which is total space spending less applications investment (space-dependent services including ride-hailing or navigation) and distribution investment (represents terrestrial-based technologies that connect to space-based networks)

as global and regional sustainability objectives, including monitoring of illegal fishing activity and tracking pollution and arctic ice levels. Of the 50 Essential Climate Variables identified by the World Meteorological Organization to monitor climate change, 26 can only be effectively observed from space.

Earth observation is also becoming an increasingly important driver of economic productivity across a broad range of sectors, including (i) agriculture (monitoring of crop health, yield estimation, and optimization of production and costs); (ii) critical infrastructure (monitoring of deployed assets, planning of new installations, and predicting future infrastructure needs); and (iii) commerce and trade (analyzing economic activity, increased supply chain visibility, and assessment of market dynamics).

As demand for EO data grows, analytics services are becoming increasingly important for synthetizing data and providing actionable information to support decision-making. *BIS Research* estimates that the global geospatial imagery analytics market will grow at an approximately 16% CAGR from 2020 to 2025.

The Future of Space Depends on Robotics and On-Orbit Solutions

Robotics and on-orbit solutions will be critical to enabling the forecasted economic growth of the new space economy. Autonomous robotics are expected to drive on-orbit applications, including satellite refueling, repositioning, repair, and de-orbiting services, with a view to reducing costs and improving safety. On-orbit services are expected to further lower the costs of operating in space by extending satellite life, reducing replacement requirements, and improving mission continuity. The U.S. Department of Defense estimates that 90% of man-made objects in space are debris, and removal services will be essential to control pollution in orbit and reduce risk to operational space assets.

As humanity expands toward next generation space missions, including asteroid mining and habitats beyond LEO, on-orbit assembly and manufacturing will be essential to ensuring mission success and economic viability. Advancements in robotics, sensors, AI, and systems miniaturization will support the growth of in-space manufacturing and assembly capabilities. These capabilities enable longer missions with greater flexibility as spacecraft can be constructed, reconfigured, and repaired in space.

The rapid emergence of an in-space economy is expected to drive demand for these on-orbit serving solutions and in-space manufacturing capabilities. *Northern Sky Research* estimates that the market for on-orbit services will generate cumulative revenues of US$6.2 billion from 2021 to 2030.

Space is Critical to National Security

Space is now a critical military domain equal in importance to the traditional fields of air, land, and sea. Space-based assets are required for a broad range of essential military applications including communications, intelligence and surveillance, missile warning and tracking, and navigation.

Several countries around the world have developed offensive capabilities in space over the last decade, which have the ability to disrupt or destroy strategic space assets. In response to this threat, many countries' militaries are increasing funding and creating independent space commands to reinforce national security priorities. The global defence community spent US$32 billion on space programs in 2020, a 23% increase from the US$26 billion spent in 2018, according to *Euroconsult*. In addition, at least seven countries around the world have developed independent space commands over the last five years, including the U.S., the United Kingdom, China, Russia, France, and Japan.

Furthermore, militaries have begun to shift their constellation architecture from a few large satellites to many cost effective, but powerful small satellites, a strategy that was previously too expensive to employ. The deployment of many small satellites versus a limited number of large satellites significantly improves the resiliency of strategic space-based assets. Governments are leveraging commercial space companies' ability to innovate and deliver cost effective solutions to enable this small satellite constellation strategy.

The Future of Humanity is Interplanetary

Space has become a truly borderless frontier, with approximately 90 countries around the world indicating interest in contributing to space programs and 75 countries that already have space agencies. *Euroconsult* estimates the number of space exploration missions will increase by 250% over the next decade to 130 as countries pursue manned lunar and Martian missions and search for signs of life in our solar system.

Government funding for space exploration is projected to increase from less than US$20 billion in 2019 to US$30 billion by 2029. *Euroconsult* estimates that there will be over 50 lunar missions over the next decade and that nine countries will have landers or rovers on the moon in 2021. Furthermore, NASA has announced plans to spend ~US$28 billion over the next 5 years to return astronauts to the moon by 2024. The increasing frequency of Lunar missions will be driven by a diverse number of countries around the world, including Israel, India, China, Russia, the U.S., and the United Kingdom. Martian exploration is also on the rise. The United Arab Emirate's first probe will reach Mars in 2021, while the U.S., China, the European Union, and Russia are currently planning additional missions to Mars, with the goal of landing humans on the planet in the 2030s.

COMPETITIVE STRENGTHS

As one of the most advanced technology and service providers to the space economy, we are ideally positioned to provide innovative, mission critical solutions to emerging space companies, large prime contractors, and governments. We believe we have won over 70% of our bids that proceed to contract in recent years because of our ability to provide differentiated solutions to these customers, which is driven by the following competitive strengths:

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 and have developed the world's largest multi-sensor ground station network. Our integrated satellite and ground station network, combined with our value-added analytics capabilities, enables us to deliver a cutting edge and fully integrated EO solution to our customers. 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 ("**AI&T**") 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.

Agility and Scale Positions Us to Serve Both Emerging Space Companies and Established Customers

Our organizational structure and entrepreneurial culture enable us to respond rapidly to customer needs and market trends across all our business areas. We believe the pace of space innovation has accelerated and that our focus on agility is critical to our customers' success. This focus on agility allows us to collaborate with partners to provide customized solutions, iterate quickly, and achieve optimal outcomes. Our culture and organizational structure provides us with a competitive advantage over our large prime contractor competitors in terms of our ability to be responsive and to efficiently deliver bespoke solutions.

We have significant scale with over 200,000 square feet of extensive 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

Space is a hostile and unforgiving operating environment with a high cost of failure. As a result, our customers prefer to work with proven partners to ensure the success of their missions. Our reputation and track record for delivering mission critical solutions provides customers and their investors 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 900 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. Our track record of execution instilled confidence in OneWeb that we were the ideal partner that they could entrust with the success of their mission.

In addition to new business wins, our track record of execution drives repeat business and customer loyalty. Each program we win further deepens our domain expertise, solidifies us as a leader in the verticals in which we operate, and underscores the trust our partners place in our capabilities.

Entrepreneurial Go-to Market Strategy

We generate business opportunities by utilizing an entrepreneurial go-to market strategy. We empower our business development teams and encourage them to find creative ways to support the success of our customers. For instance, we provide R&D support during proposal phases to jointly develop a mission and assist customers to obtain mission financing. This entrepreneurial strategy and ability to demonstrate our value with our customers early in the life cycles of their missions differentiates us from competitors who may have a more traditional approach.

We build on our relationships with customers to find additional opportunities to deliver mission-enabling solutions. While working closely with customers in the development phases of missions, our engineers discuss future mission ideas, and proactively recommend potential solutions and enhancements to meet the customer's evolving needs. This forward thinking approach regularly results in awards for follow-on solutions on subsequent missions. These subsequent mission awards are a direct result of our strategy and allow us to identify new business opportunities ahead of the competition.

Deep Team with a Winning Culture

We have a highly experienced management team and workforce of over 2,000 employees, which provides us with the critical expertise to execute complex space missions. Our position as an innovation leader at the forefront of the growing space economy allows us to recruit premium talent and retain our employees. Our employees stay at MDA on average for over a decade, which deepens our institutional knowledge and domain expertise. Our entire team stands by our core values of integrity, responsibility, collaboration, fueling inspiration, and operational excellence, a culture that drives successful delivery on customer missions and continued growth.

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. We believe an opportunity exists to (i) grow our revenues from approximately $411 million in Fiscal 2020 to between $800 and $900 million in Fiscal 2022, and (ii) grow our

Adjusted EBITDA from approximately $127 million in Fiscal 2020 to between $160 and $180 million in Fiscal 2022. A significant portion of this expected growth is underpinned by the recent award of our flagship programs. In addition, since separating from Maxar, we have renewed our executive leadership team, invested significantly in research and development, and developed new growth strategies to position us for the significant future opportunities in the industry. Over the long-term, we believe the rapid growth of the space economy presents opportunities multiple times larger than our current targets across each of our business areas. We believe there is a $1 trillion (~US$765 billion) total addressable market ("**TAM**") of cumulative revenue from 2021 to 2025 and are currently targeting an identified pipeline of potential opportunities in excess of $15 billion over the same period. By leveraging our competitive strengths we believe we will continue to grow revenue rapidly beyond 2022 and achieve over $1.5 billion of revenue in Fiscal 2025. In addition, we have a long term target for our Adjusted EBITDA margin of 18% to 20%.

These targets do not constitute a forecast or projection. Our strategies to achieve these targets are described under "Growth Strategies" in this prospectus. There can be no assurance that we will achieve these targets, and our actual results may vary materially.

Execute on Recently Awarded Flagship Programs

We have recently been awarded new flagship programs that, if fully implemented, will contribute an estimated $350 million towards our targeted Fiscal 2022 revenue and that collectively represent over $3.5 billion of potential revenue to MDA over the long-term. The programs include:

Canadarm3: We received a Phase A contract from the Canadian Space Agency ("**CSA**") in December 2020 to develop Canadarm3 for the Lunar Gateway mission. We expect to be awarded subsequent phases by the fourth quarter of 2021. The Canadarm3 will be designed and built over a five- year period and is expected to generate estimated total revenue to MDA of $1.4 billion, including 15 years of ongoing service and support revenue. 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.

Canadian Surface Combatant: 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, or approximately $100 million per vessel. We will leverage the Canadian Surface Combatant's sensor, laser warning, and electronic system technologies to serve international defense customers as they upgrade their naval fleets over time.

Telesat LEO Constellation: In February 2021, Telesat announced that MDA was selected for a major role on their upcoming constellation. MDA will develop the Direct Radiating Array ("**DRA**"), a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. Additionally, we are in discussions to provide Telesat with gateway antennas as well as spacecraft 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.

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

Deepen Constellation Market Share and Develop Digital Solutions for Satellite Communications Industry

In Satellite Systems, we have identified a pipeline of over $10 billion of opportunities[2] and an estimated TAM of $875 billion (~US$675 billion) in cumulative revenues over the next five years. To capitalize on this

[2] Consisting of approximately $3 billion from GEO satellite sub-systems; approximately $7 billion from LEO constellations; and approximately $600 million from MEO satellites, lunar and space communications and additional space communications opportunities.

pipeline, we will scale our capabilities and enhance our expertise to win satellite constellation and digital payload opportunities.

Our pipeline of communication constellation opportunities is primarily driven by the proliferation of LEO constellation programs. To pursue this pipeline, we are scaling our satellite systems AI&T capabilities through the execution of current and upcoming constellation programs, including Telesat Lightspeed. In addition to supporting high volume requirements, these scaled capabilities give us the capacity to capture incremental aftermarket and replacement services revenues, driven by the short lifespan of LEO satellites. We believe our total opportunity in LEO constellations is significantly greater than our current pipeline, and our expanded platform will allow us to capitalize on additional opportunities.

We will enhance our expertise to support the transition from analog to digital payloads for both LEO and GEO satellites. Our work on the Telesat Lightspeed DRA will further develop our digital satellite technologies. We intend to leverage these technologies and our expertise developed during the program to provide customized digital payload solutions for specific applications, including 5G backhaul and rural broadband. This will enable us to provide critical solutions to satellite manufactures that lack digital payload capabilities.

Expand Market Leadership in Geointelligence

In Geointelligence, we have identified a pipeline of over $3 billion of opportunities and an estimated TAM of $90 billion (~US$70 billion) in cumulative revenues over the next five years. We intend to expand our market leadership in Geointelligence to capture our pipeline of opportunities by enhancing our SAR imagery solution, broadening our information services platform, expanding our data sources and executing on next generation opportunities.

We are currently developing SARnext, a next-generation radar satellite system that will enhance our EO solutions offering, and is expected to generate estimated total revenue to MDA of approximately $2 billion over the next 15 years. SARnext will fuse data from multiple sensors and will leverage artificial intelligence in order to manage larger volumes of data and provide enhanced analytics services. We also intend to launch our cloud-based ground station solution as part of our SARnext offering. These expanded capabilities will grow our customer base and drive increased revenue from existing customers by providing additional services.

We will bolster our information services platform by developing a best-in-class maritime domain awareness analytics platform. This maritime domain awareness platform will be designed to provide customers with the ability to monitor vessel and port activity and environmental conditions for any area of interest around the world from space. It will also have the ability to identify "Dark Vessels" that have turned off key ship identification sensors. This will effectively address our maritime customers' need for near real-time and actionable information. Our maritime domain awareness analytics platform will be transferable to non-maritime market adjacencies, including defense and intelligence, agriculture, and disaster management.

We will leverage our EO satellite capabilities and track record to execute on future opportunities. We are currently working on a pipeline of attractive EO opportunities, including two large satellite programs for the Canadian government, namely the Department of National Defence's Defence Enhanced Surveillance from Space ("**DESS-P**") program and the CSA's Earth Observation Service Continuity ("**EOSC**") program. Our EO pipeline also includes significant opportunities to export our EO solutions internationally, particularly to geographies with large maritime surveillance requirements, including Australia and the United Kingdom.

Maximize Robotics & Space Mission Participation

In Robotics & Space Operations, we have identified a pipeline of over $2 billion of opportunities [3] and an estimated TAM of $25 billion (~US$20 billion) in cumulative revenues over the next five years. We intend to capitalize on this pipeline of opportunities by leveraging our industry leading robotics solutions for space exploration and on-orbit servicing applications and by expanding our real-time mission support capabilities.

Our business development and sales activities are focused on maximizing additional participation in space exploration missions. We are an industry leader in space robotics and exploration mission solutions, including

[3] Consisting of approximately $1 billion from commercial sensors, robotics and space operations; approximately $725 million from space agency programs; and approximately $350 million from new mission content.

LiDAR and vision sensors, planetary vehicle systems, and communication systems, which are technologies that are critical to enabling the successful completion of space exploration and sample return missions. We are already contracted to provide components for four lunar missions, and believe our robotics solutions can effectively address the majority of space explorations missions currently planned for the next decade.

We will leverage the technologies and capabilities we develop during space exploration and government on-orbit missions 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.

We are expanding our real-time space mission support capabilities by constructing the world's first commercial space robotics operations mission center. We will operate the mission center as a platform to execute space operations on behalf of commercial companies and governments. Our platform will provide planning, simulation, execution, and analysis services to support the growing number of robotics missions and applications.

Expand in Growing International Markets

We see significant opportunity for international expansion in a number of attractive geographies, including the United Kingdom and Australia, which are strategically aligned with NATO and lack a large national space company incumbent. To address these international expansion opportunities we intend to enhance our existing presence in the United Kingdom and seek additional opportunities to further expand our international footprint. This expansion will enable us to support countries outside of the U.S. and Canada as they pursue their ambitious space programs.

We regularly engage with the United Kingdom, Australia, and other international governments to export our expertise in radar satellite technology and multi-source ground stations to develop in-country, domestic capabilities for maritime domain awareness. International countries with prominent coastlines and a high level of marine activity seek our capabilities to increase situational awareness, monitoring, and tracking of vessels and their activity in and around their nation's borders.

Utilize 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 mergers and acquisitions 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.

OUR INVESTORS

In December 2019, a consortium of investors (the "**Investor Group**") led by NPC, a Toronto-based private equity fund co-led by John Risley and Andrew Lapham, entered into a definitive agreement to acquire MDA from Maxar. The business acquired by the Investor Group included the historical Canadian assets of MDA and excluded Space Systems/Loral, LLC, which continues to operate as a wholly owned subsidiary of Maxar. The transaction was completed in April 2020 and caused MDA to be repatriated under Canadian ownership and to once again be an independent merchant supplier to the global space economy.

As a stand-alone business unaffiliated with a satellite prime contractor, MDA has increased its ability to work more collaboratively with satellite and spacecraft OEMs, make significant and strategic research and development investments to drive growth, and partner with start-up companies across the globe. MDA's independence coincides with an overall acceleration in space commerce that has led to a sharp acceleration in business opportunities and the achievement of multiple milestones since the separation from Maxar including:

- Engaged with 5 new prime contractors and 6 new commercial space operators in Satellite Systems
- Announced the development of SARnext, a next generation EO commercial satellite, which we believe will extend our market-leading geospatial data, products, and AI-based analytics services business well into the future

- Selected to deliver the most advanced LEO antennas going into production in the world
- Selected to provide technology on 6 lunar missions
- Received bid requests for 4 new U.S.-based prime contractor opportunities
- Identified 6 new LEO constellation opportunities
- Extended our service contract on the ISS to 2025, marking over 25 years of continuous service delivery
- Secured and announced the award of Canadarm3 Phase A contract
- Secured and announced the first production contracts for the Canadian Surface Combatant
- Established a renewed executive leadership team composed of world-class leaders that have inspired MDA's renewed position in the space economy

Upon the completion of this Offering, the Investor Group, directly or indirectly, will own or control approximately 74.5% of the issued and outstanding Common Shares (71.8% if the Over-Allotment Option is exercised in full).

USE OF PROCEEDS

We estimate that the net proceeds of the Offering, after deducting the underwriting discounts and commissions and the estimated offering expenses payable by us, will be approximately $374 million ($431 if the Over-Allotment Option is exercised in full).

We are undertaking this Offering to repay borrowings and fund key growth initiatives. Specifically, the Company intends to use approximately $340 million of the net proceeds of the Offering to repay approximately 80% of the outstanding indebtedness under the First Lien Credit Facilities ($424 million outstanding as of December 31, 2020). The remainder of the net proceeds of the Offering will be used to fund a portion of our ongoing growth initiatives that require capital investments, the largest of which is the development of SARnext, our next-generation EO commercial satellite. We operate in a dynamic and rapidly evolving market, and we believe financial flexibility to react to market demand and conditions will be a competitive advantage for MDA. By improving our overall financial flexibility with this Offering, we believe we will be well positioned to execute on our growth strategies and enhance our competitive strengths.

The expected use of proceeds from this Offering represents our intentions based upon our current plans and business conditions, which are subject to adjustment at the discretion of management. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors and unforeseen cash needs. As a result, management will retain broad discretion over the allocation of the net proceeds from this Offering.

THE OFFERING

Issuer:	MDA Ltd.
Proposed TSX Symbol:	“MDA”.
Offering:	$400,001,000 ($460,001,150 assuming the Over-Allotment Option is exercised in full). See “Plan of Distribution”.
Price per Offered Share:	$14.00 per Offered Share.
Total Number of Offered Shares:	28,571,500 Offered Shares (32,857,225 Offered Shares assuming the Over-Allotment Option is exercised in full).
Over-Allotment Option:	The Company has agreed to grant to the Underwriters the Over-Allotment Option exercisable for a period of 30 days from the Closing Date to purchase up to an additional 4,285,725 Offered Shares (representing 15% of the Offered Shares sold pursuant to the base Offering) at the Offering Price to cover over-allotments, if any. See “Plan of Distribution”.
Common Shares Outstanding:	An aggregate of 114,951,656 Common Shares will be issued and outstanding immediately following Closing (119,237,381 Common Shares if the Over-Allotment Option is exercised in full), excluding Common Shares that may be issued upon exercise of outstanding options or other convertible securities issued by the Company. An aggregate of 117,517,285 Common Shares will be issued and outstanding immediately following Closing (121,803,010 Common Shares if the Over-Allotment is exercised in full) on a fully-diluted basis. See “Description of Share Capital”. 545,748 of the Common Shares that will be issued and outstanding immediately following the Closing will be held by the Employee Trust, for the benefit of certain executive officers and employees of the Company. See “Executive Compensation — Components of Compensation — Employee Trust”.
Principal Shareholders:	As of the date of this prospectus, the Partnership owns and controls 513,720,000 Common Shares, representing 99.1% of the outstanding Common Shares. The Partnership is controlled by the General Partner. NPC, a corporation controlled by John Risley and Andrew Lapham, has the right to appoint a majority of the board of directors of the General Partner. Pursuant to the Pre-Closing Reorganization, the Partnership will transfer 513,720,000 Common Shares (being all of the Common Shares owned by the Partnership) to Newco, a corporation to be incorporated under the laws of the Province of Ontario, in exchange for common shares in the capital of Newco. Immediately following such transfer, the Partnership will own all of the Newco Shares and Newco will own 513,720,000 Common Shares. The Partnership will then be dissolved and the Limited Partners of the Partnership will, as result of the distribution of the Partnership’s property and assets (which includes all of the outstanding Newco Shares) upon such dissolution, become the direct shareholders of Newco. Following such dissolution, Newco and the Company will be amalgamated pursuant to the OBCA under the name “MDA Ltd.”, such that the Limited Partners (and the existing shareholders of the Company (other than the Partnership)) will be the direct shareholders of the Company prior to the Closing. Immediately following the Closing, EdgePoint Investment Group Inc. will own, control or direct, directly or indirectly, 12,500,000 Common

	Shares (representing approximately 10.9% of the outstanding Common Shares). See “Principal Shareholders”.
Use of Proceeds:	The Company expects to receive approximately $374 million in net proceeds from the Offering ($431 if the Over-Allotment Option is exercised in full), after deducting the Underwriters’ Commissions payable by the Company to the Underwriters in connection with the Offering and the estimated expenses of the Offering, which are expected to be $5.4 million. The Company intends to use approximately $340 million of the net proceeds of the Offering to repay approximately 80% of the outstanding indebtedness under the First Lien Credit Facilities ($424 million outstanding as of December 31, 2020). The remainder of the net proceeds of the Offering will be used to fund a portion of our ongoing growth initiatives that require capital investments, the largest of which is the development of SARnext, our next-generation EO commercial satellite. See “Use of Proceeds”.
Lock-Up Arrangements:	For a period beginning at the Closing Date and ending 180 days after the Closing Date, the Company will not, without the prior consent of the Lead Underwriters, on behalf of the Underwriters, directly or indirectly, subject to certain customary exceptions, (a) offer, issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Common Shares, financial instruments or securities convertible into or exercisable or exchangeable for Common Shares or announce any intention to do any of the foregoing, in a public offering, by way of private placement or otherwise, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise. For a period beginning on the Closing Date and ending 180 days after the Closing Date, the Locked-up Shareholders have agreed, except with the prior written consent of the Lead Underwriters, on behalf of the Underwriters, and the Company and for transactions related to the Offering, to not, directly or indirectly, subject to certain customary exceptions, (a) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer, assign or dispose of any Common Shares or securities convertible into or exercisable or exchangeable for Common Shares; (b) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise; or (c) agree or publicly announce any intention to do any of the foregoing. As a result of the Shareholder Lock-up, 100% of the Common Shares outstanding prior to the closing of the Offering on a non-diluted basis will be locked-up by the Locked-up Shareholders and therefore not freely tradeable for a period of 180 days after the Closing Date. See “Plan of Distribution — Lock-Up Arrangements”.

Dividend Policy:	We currently intend to retain any future earnings to fund the development and growth of our business and/or to pay down debt and do not currently anticipate paying dividends on the Common Shares. See "Description of Share Capital" and "Dividend Policy".
Risk Factors:	An investment in the Offered Shares is speculative and involves a high degree of risk. Prospective purchasers should carefully consider the information set out under "Risk Factors" and the other information in this prospectus before purchasing Offered Shares.

SUMMARY FINANCIAL INFORMATION

The following table sets out historical consolidated financial information of the Company, in each case, for the periods ended and as of the dates indicated. The selected consolidated financial information of the Company has been derived from the audited consolidated financial statements of the Company for the period from April 8, 2020 to December 31, 2020 and related notes, and the audited combined carve-out financial statements of the MDA Canada business of the Company for the period ended April 7, 2020 and for the years ended December 31, 2019 and December 31, 2018 and related notes (collectively, the "**Financial Statements**").

The summary financial information should be read in conjunction with the Financial Statements, as well as "Management's Discussion and Analysis", "Use of Proceeds", and "Non-IFRS Financial Measures".

(in millions of Canada dollars except per share amounts)	2020(1)	2019	2018
Consolidated Results:			
Revenues	411.5	487.5	547.3
Gross profit	74.8	171.1	223.6
Gross profit percentage	18.2%	35.1%	40.9%
Adjusted EBITDA(2)	126.8	126.5	160.9
Adjusted EBITDA margin(2)	30.8%	25.9%	29.4%
Net income (loss)	(36.2)	73.0	120.8
Revenues by Business Area:			
Geointelligence	184.5	201.1	243.7
Robotics & Space Operations	115.3	106.2	93.9
Satellite Systems	111.7	180.2	209.7
Consolidated revenues	**411.5**	**487.5**	**547.3**

Financial Position, as at December 31	2020	2019	2018
Cash and cash equivalents	78.6	62.0	22.3
Total assets	1,455.2	723.5	642.0
Long-term debt, including current portion	559.7	—	—
Total liabilities	997.8	313.4	292.0
Total shareholders' equity	457.4	410.1	350.0

Cash Flows	2020	2019	2018
Cash flow from operations	70.4	104.4	71.9
Cash flow used in investing	(1,012.9)	(9.0)	(26.2)
Cash flow from (used in) financing	961.1	(55.7)	(35.2)

(1) Figures have been prepared as described under the heading "Calendar 2020 Construction" in the MD&A.

(2) As defined under "Non-IFRS Financial Measures".

We believe an opportunity exists to (i) grow our revenues from approximately $411 million in Fiscal 2020 to between $800 and $900 million in Fiscal 2022, and (ii) grow our Adjusted EBITDA from approximately $127 million in Fiscal 2020 to between $160 and $180 million in Fiscal 2022. A significant portion of this expected growth is underpinned by the recent award of our flagship programs. In addition, since separating from Maxar, we have renewed our executive leadership team, invested significantly in research and development, and developed new growth strategies to position us for the significant future opportunities in the industry. By leveraging our competitive strengths we believe we will continue to grow revenue rapidly beyond 2022 and achieve over $1.5 billion of revenue in Fiscal 2025. In addition, we have a long term target for our Adjusted EBITDA margin of 18% to 20%.

These targets do not constitute a forecast or projection. Our strategies to achieve these targets are described under "Growth Strategies" in this prospectus. There can be no assurance that we will achieve these targets, and our actual results may vary materially.

CORPORATE STRUCTURE

The Company is a corporation incorporated under the OBCA on June 2, 2020. On March 19, 2021, the Company's articles were amended to change the Company's name from "Neptune Acquisition Holdings Inc." to "MDA Ltd.".

MDA Opco, a direct wholly-owned subsidiary of the Company, is a corporation existing under the BCBCA.

MacDonald, Dettwiler and Associates Ltd. was incorporated on February 3, 1969 by letters patent under the *Canada Corporations Act* and was subsequently continued under the *Canada Business Corporations Act* on May 3, 1976. On December 22, 1999, MacDonald, Dettwiler and Associates Ltd. and MacDonald, Dettwiler Holdings Inc. were amalgamated pursuant to the *Canada Business Corporation Act* under the name "MacDonald, Dettwiler and Associates Ltd.". On May 16, 2016, MacDonald, Dettwiler and Associates Ltd. was continued under the BCBCA and new articles were adopted. On October 5, 2017, the articles of MacDonald, Dettwiler and Associates Ltd. were amended to change its name to "Maxar Technologies Ltd.".

On January 1, 2019, Maxar became the ultimate parent company of Maxar Technologies Ltd. and its subsidiaries pursuant to a statutory plan of arrangement under Section 288 of the *BCBCA*. Pursuant to such arrangement, Maxar Technologies Ltd. and 11802060 B.C. Unlimited Liability Company were amalgamated pursuant to the BCBCA to form an unlimited liability company under the name "Maxar Technologies ULC".

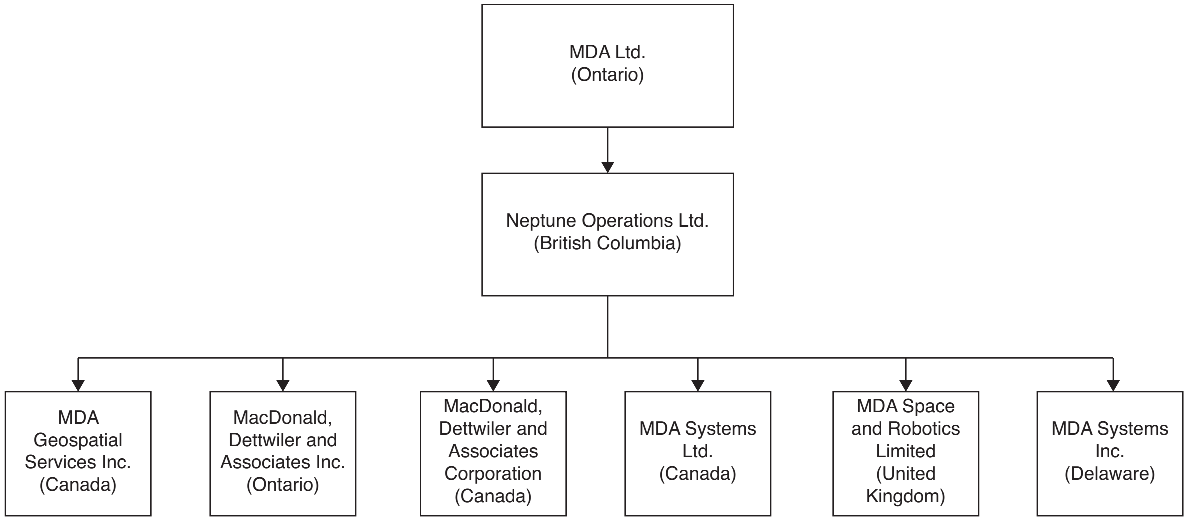
Pursuant to the Acquisition, on April 8, 2020, the Purchaser, a corporation incorporated under the BCBCA on December 20, 2019, acquired all of the outstanding shares of Maxar Technologies ULC from Maxar. Immediately following the closing of the Acquisition on April 8, 2020, the Purchaser and Maxar Technologies ULC were amalgamated pursuant to the BCBCA to form MDA Opco under the name "Neptune Acquisition Inc.". On April 8, 2020, following such amalgamation, MDA Opco changed its name from "Neptune Acquisition Inc." to " Neptune Operations Ltd."

For more information on the history of the business of the Company, see "The Company".

Prior to the Closing, the Pre-Closing Reorganization, as described under "Description of Share Capital — Pre-Closing Reorganization", will be consummated, which will include the amalgamation of the Company with Newco, a corporation to be incorporated under the laws of the Province of Ontario, pursuant to the OBCA under the name "MDA Ltd.". Pursuant to the amalgamation, (a) all of the issued and outstanding Common Shares will be consolidated on the basis of six pre-consolidation Common Shares for one post-consolidation Common Share; and (b) the articles of the Company will be amended to provide for the requirement that: (i) a majority of the board of directors of the Company must be resident Canadians, and (ii) the head and registered office of the Company must be located in Canada.

The Company's head and registered office is located at 9445 Airport Road, Brampton, Ontario, Canada L6S 4J3.

The following chart identifies the Company's material subsidiaries (including jurisdiction of formation or incorporation of the various entities). All material subsidiaries are wholly-owned, directly or indirectly, by the Company.



THE COMPANY

Overview

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

Across our three business areas, Geointelligence, Robotics & Space Operations, and Satellite Systems, we serve nearly every sector of the rapidly growing space economy, with mission expertise and technology tailored to new space applications. In Geointelligence, we use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of use cases, including in the areas of national security, climate change monitoring, and global commerce. In Robotics & Space Operations, we enable humanity's exploration of space by providing autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. In Satellite Systems, we provide systems and spacecraft to enable space-based services, including next generation communication technologies designed to deliver space-based broadband internet connectivity from LEO satellite constellations.

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

- ***The industry leader in space robotics solutions.*** Our space robotics expertise includes the design, build, and servicing of two generations of the Canadarm family of robotic space arms and extends into the future with the Canadarm3 program that was recently awarded to us. Our third generation Canadarm will provide AI-based robotics for the U.S.-led Lunar Gateway, a lunar outpost designed to enable sustainable human exploration of the Moon and future deep space missions. We intend to leverage our involvement in the Lunar Gateway project to deliver new robotic and automation technologies and mission support services to drive expansion into emerging space applications such as in-space manufacturing, asteroid mining, and space debris monitoring and removal.
- ***Innovative and proven on-orbit servicing capabilities.*** We designed and built 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.

- ***Cutting-edge designer and manufacturer of LEO communication satellite systems and sub-systems.*** We have provided satellite subsystems to enable next generation high-throughput and mobile communications systems constellations such as O3B, Iridium Next, and OneWeb. We continue to be at the forefront of LEO systems development as a provider of digital satellite technology to Telesat's recently announced highly advanced LEO constellation named Lightspeed, one of the world's first digital space-based broadband internet communication constellations. To support these customers, we have continually adapted our satellite-manufacturing base, which now includes fourth generation robotics-based technologies capable of manufacturing dozens of small satellites and satellite sub-systems each month.
- ***Leading provider of SAR-based imagery, analytics, and information services.*** We are a global provider of SAR-based EO data and value-added services and have embarked on a major new initiative to build our next generation commercial C-band EO satellite system, which we refer to as "SARnext". By bringing together multiple data sources, SARnext is designed to expand on our current capabilities, provide data continuity for our existing customers, and enhance our ability to increase our share of the growing EO market.
- ***Global maritime information platform for vessel detection and climate monitoring.*** We have been a longstanding provider of EO data and value-added services for maritime and climate change monitoring applications. We are currently developing a next generation information platform with numerous applications, including tracking maritime activity, visualizing maritime crime patterns, identifying and monitoring illegal, unreported and unregulated fishing, tracking ice floes, monitoring crops, mapping wetlands, detecting pollution, and spotting illegal deforestation. Our new maritime domain awareness platform will leverage the capabilities of SARnext and enhance our current maritime information services and will be expandable to adjacent markets and domains.
- ***Advanced sensor product suite for new space missions.*** Our Electro-Optic and LiDAR ("**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 are expected to be used to land spacecraft on the Moon and Mars.

Space technology is a critical component of modern life, integral to a broad range of industries including communications, defense, navigation, and agriculture, and an important tool to monitor and help combat climate change. As technology and space-based applications continue to evolve and expand, space is becoming an increasingly important domain for both commercial and government organizations. The U.S. Chamber of Commerce estimates that the space economy will grow from approximately US$385 billion in 2017 to US$1.5 trillion by 2040. This growth is expected to be driven by increasing demand and activity in the following key areas: (i) space-based communications systems to deliver global broadband connectivity, IoT networks, and 5G mobile services; (ii) EO data and value-added services for commercial and defense purposes; (iii) an estimated 130 space exploration missions over the next decade; and (iv) growing new sectors of the space economy, including on-orbit servicing and assembly, space debris monitoring and removal, and space manufacturing.

Our leading position in the space industry is driven by our broad suite of technology and full lifecycle solutions and is highlighted by our 70% win rate in recent years on bids that proceed to contract. We work collaboratively with our customers in the early engineering phases of product development and seek to provide services throughout a platform's life, including hardware and software engineering, prototyping, manufacturing, integration, operation of the platform, and ongoing maintenance services. This approach provides long-term recurring revenue opportunities that often span decades.

Our positioning today as an independent merchant supplier allows us to serve a broad range of industry participants, including emerging space companies, prime contractors servicing the space industry, and over 75 governments with space agencies around the world. Our separation from Maxar has enabled us to work more freely with U.S. prime contractors, which we believe has materially increased our revenue potential with the U.S. government. Our return to Canadian ownership has better positioned us with the Canadian government to win major Canadian space projects as well as a greater share of work from international customers.

Our capabilities are divided into the following three business areas:

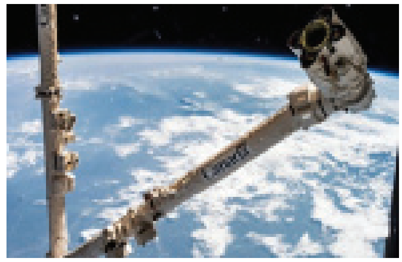
Geointelligence

45% of Fiscal 2020 Revenue

- End-to-end solutions and services related to EO and defense intelligence systems
- World-class operational geospatial intelligence systems as well as solutions and services empowering commercial and government users around the world to make mission-critical decisions
- Own and operate worldwide commercial data distribution for the RADARSAT-2 satellite and act as a distributor for many other third party missions
- Industry leading capabilities in multi-mission EO ground stations

Robotics & Space Operations

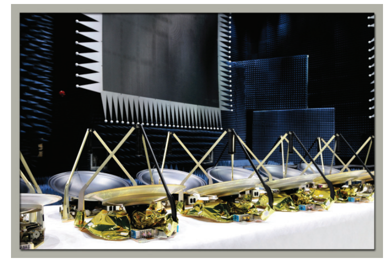
28% of Fiscal 2020 Revenue



- Technologies for exploration mobility, space manipulation, control and autonomy, perception, robotic interfaces, vision and sensor systems, and on-orbit servicing
- One of the world's only suppliers of small-to-large scale flight heritage robotics
- Provided robotics on over 100 space shuttle missions and sensors, enabling Hubble space telescope repair and upgrade, and ISS assembly
- Rich patent portfolio for 3D imaging, robotics, on-orbit servicing, and autonomous guidance and navigation of planetary rovers
- Sensors and robotics have been operational on Mars for over 12 years
- Industry standard for grapple fixtures

Satellite Systems

27% of Fiscal 2020 Revenue

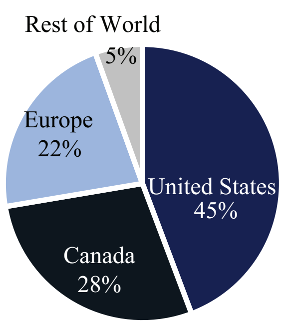


- Satellite systems and sub-systems used in LEO, MEO, and GEO satellites for commercial and government customers worldwide
- World's only merchant supplier of high-volume LEO antennas
- Our antennas, payloads and electronics have flown on more than 300 space flight missions
- High-volume production capability for large satellite constellations
- Developing a range of digital components (e.g., channelizer, on-board processor, and active antennas) to address industry transition from analog satellites to digital satellites

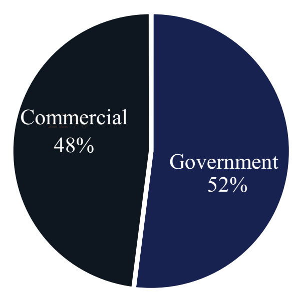
We believe our expertise and capabilities align well with the expected key growth drivers of the space economy over the next decade, including the deployment of satellite constellations for communications and Earth observation applications, space exploration, space-based defense spending, and on-orbit servicing of satellites and spacecraft. The chart below provides an overview of our current and potential product and service suite across our three business areas:

We have a large and diverse global customer base with hundreds of large and small pursuits. For the fiscal year ended December 31, 2020, our revenue by geography and customer type were as follows:

Revenue by Geography



Revenue by Customer Type



Our marquee commercial and government relationships include:

Our combination of agility and scale enables us to deliver what matters to our customers:

What Matters to Customers	New Space Companies	MDA	Large Prime Contractors
Confidence in Mission Success		✓	✓
Customized & Innovative Solutions	✓	✓	
Commercial R&D Investment	✓	✓	
Speed to Market	✓	✓	
Cost Efficient Solutions	✓	✓	
Expertise in Complex Missions		✓	✓
Proven and Optimized Supply Chain		✓	✓

Recent History

The following is a description of certain of the Company's material developments over the last three completed financial years.

January 2018	Michael Greenley appointed as Group President of MDA.
July 2018	MDA acquires Neptec Design Group Ltd., a leading electro-optical and electro-mechanical systems and high-performance intelligent LIDAR technology company.
August 2018	MDA signs multi-year agreement to provide broad area land and maritime surveillance imagery from RADARSAT-2.
February 2019	MDA selected to design electronic warfare suite for Canada's next generation Surface Combatant ships.
May 2019	MDA awarded contract by Canadian Department of National Defence for the development and manufacturing of 10 flight-ready Search and Rescue/Global Positioning System repeaters.
June 2019	Three MDA RADARSAT Constellation Mission satellites launched on SpaceX Falcon-9 rocket.
April 2020	Consortium led by NPC acquires MDA from Maxar.
May 2020	MDA receives contract to support robotic operations on the ISS.
December 2020 ...	MDA selected for development of Canadarm3 for NASA's Lunar Gateway.
January 2021	MDA awarded contract by Canadian Space Agency to provide satellite flight operations and data management services for Earth observation and space situational awareness satellite missions.
February 2021	MDA announces initiative to provide operational continuity for RADARSAT-2 and selected to provide Telesat LEO Lightspeed constellation Direct Radiating Arrays and high speed high volume spacecraft final assembly.

Business Areas

MDA services the space economy across three business areas, "Geointelligence", "Robotics & Space Operations" and "Satellite Systems". The Company's revenue for Fiscal 2020 derived from government entities and commercial customers across each of our three business areas was as follows:

Business Area	Commercial Customers	Government Entities
Robotics & Space Operations	39%	61%
Satellite Systems	93%	7%
Geointelligence	26%	74%
	48%	52%

Geointelligence

In Geointelligence, we provide end-to-end solutions and services related to Earth observation 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 Earth observation business includes the collection, processing and dissemination of Earth imagery data from space. As the operator and owner of worldwide 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 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 defense and intelligence, energy and natural resources, industrials, agriculture and forestry, public authorities, services (e.g., finance, insurance, news and media) and weather.

We also provide geospatial services that combine imagery, contextual information, analytic expertise and innovative technology to deliver integrated intelligence solutions to customers. The Company 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 Earth observation 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, defense operations, law enforcement and mapping.

The Company also provides a number of defense 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.

Our principal customers in our Geointelligence business are Canadian, U.S. and international government agencies (primarily defense and intelligence agencies), as well as a wide variety of commercial customers in multiple markets, including the Canadian Department of National Defence, CSA, Maxar, European Maritime Safety Agency, U.S. Air Force, and National Oceanic and Atmospheric Administration.

Our major existing and potential competitors for our Geointelligence business include Airbus, E-Geos, KSAT, Maxar, Capella and IceEye, as well as other commercial satellite imagery companies, government-owned imagery providers, free sources of imagery, UAVs, and companies that provide geospatial analytic information and services to government agencies, including defense prime contractors. We compete on the basis of the technical capabilities of our and third party satellites, such as size of collection area, collection speed, revisit time, resolution, accuracy and spectral diversity; satellite availability for tasked orders; distribution platform and tools that enable customers to easily access and integrate imagery; value-added services, including advanced imagery production and analysis; timeliness and ready availability of imagery products and services that can be deployed quickly and cost-effectively with near real-time delivery in less than 10 minutes; and price. Each competitor operates satellites with different capabilities and therefore provides a unique offering to end users. As a result, end users will select providers based on the specific use of data, imagery and multi-source analytics required to solve their information needs.

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 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 were recently awarded the Canadarm3 program, our third generation Canadarm that will provide AI-based robotics for the Lunar Gateway, a space station in lunar orbit that will provide living space for astronauts. 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. As a result of this work, our experience spans over 3 million hours of operation in orbit supporting on-orbit robotic operations.

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 space craft with the ISS and next generation versions will be used to land space craft 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 a scan of Asteroid Bennu from 300 kilometres away, the world's first 3D scan of an asteroid from an orbiting spacecraft. MDA sensors have been operational on 8 missions for NASA's Cygnus 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.

Our principal customers in our Robotics & Space Operations business are Canadian, U.S. and international government agencies, as well as a wide variety of commercial customers in multiple markets, including Canadian Space Agency, Maxar, Northrop Grumman, Airbus, Intuitive Machines, Astroscale and Masten.

Our major existing and potential competitors for our Robotics & Space Operations business include Oceaneering, Honeybee Robotics, Maxar, Malin and Jena. The current competitive market dynamics consist primarily of, in connection with each solution procured by customers for their specific space craft or mission, competitive tensions between heritage and proven on-orbit flight performance providers versus low cost, non-proven providers that are newer to the market.

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 supplier of satellite systems and sub-systems used in LEO, MEO and GEO satellites for commercial and government customers worldwide, including antenna, 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 Earth observation 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. The Company 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. At MDA, payloads also include the delivery of major communications subsystems of space vehicles.

We have provided satellite subsystems to enable next generation communication constellations such as O3B, Iridium Next, and OneWeb. We will continue to be at the forefront of LEO systems development as a provider of technology to Telesat's planned LEO constellation, one of the world's first digital space-based broadband internet communication constellations. To support these 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. Our antennas, payloads and electronics have flown on more than 300 space flight missions

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.

Our principal customers in the Satellite Systems business are Airbus, Maxar, Thales, IAI, OneWeb, Aselsan, Sierra Nevada Corporation, Boeing, NEC, Mitsubishi and OHB.

Our major existing and potential competitors for our Satellite Systems business include the in-house capability of all major satellite prime contractors, as well as niche providers such as Harris and Oxford Space System for antennas, and Thales, Satixfy and Seakr for payloads.

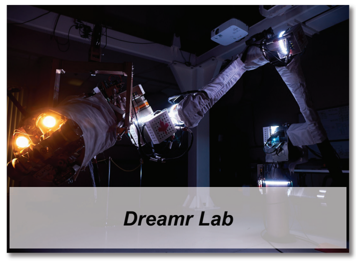
Specialized Expertise and Employees

Investments in our people and research and development are key to MDA staying at the forefront of technological innovation. Today we have over 1,100 engineers averaging over 10 years of experience with the Company, working across nine facilities in Canada and three international sites with some of the highest quality equipment and resources in the industry at their disposal. Over the next five years, we expect to invest over $600 million in technology development and hire an additional 400 engineers to support our growth strategies. Our people and their knowledge are at the heart of our success. With our headquarters in Canada and our position as a preeminent technology company, we have access to top talent looking to work in the rapidly growing space economy. We believe our commitment to employee growth and engagement help us attract the best talent in the industry. Our work environments are decentralized, which facilitates greater autonomy within our teams, and we encourage our employees to be creative and entrepreneurial.

As of December 31, 2020, we had approximately 2,000 employees in Canada, the United States and internationally.

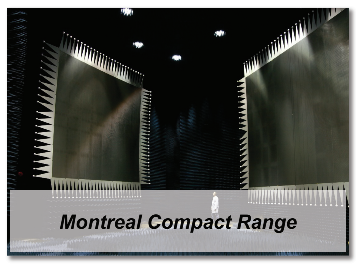
Facilities


Gatineau Ground Station


Dreamr Lab


Brampton Task Area


Montreal Integration Area


Montreal Compact Range


Montreal OneWeb Manufacturing

Our world-class Geointelligence facilities contain satellite mission operations centers for EO and space observation. Our state-of-the-art Robotics facilities contain one of the leading space robotics manufacturing, integration, and test facilities with simulation capabilities to design, rehearse, and troubleshoot on-orbit robotics motion and dynamics. Our facilities also contain a wide range of sensor and autonomous control laboratories, and robotics simulation and virtual reality environments. We are also establishing a next generation mission control center for on-orbit robotics at our Brampton facility. Our Satellite Systems facility in Quebec contains one of the largest compact ranges for satellite testing in the world and one of the largest near field ranges in the world. Our Satellite Systems facility also contains a wide range of thermal, environmental, PIM, and vibration test facilities. In addition, we have recently established a high volume and fourth generation manufacturing environment that links automated robotic assembly, data exchange, real-time communications, and the IoT to empower better processes, smarter decision-making, and improved quality standards to produce high volume LEO satellite systems.

The Company's business operates largely out of Brampton, Ontario; Richmond, British Columbia; Sainte Anne-de-Bellevue, Quebec and other areas of Canada, with smaller operations in the United Kingdom and Houston, Texas. The Canadian facilities encompass approximately 565,000 square feet of leased space and 366,000 square feet of owned space.

The following table provides an overview of our facilities:

	Richmond	Brampton	Nepean	Kanata	Gatineau	Montreal	St. Hubert	Dartmouth	Harwell, UK	Houston, US
Business Area	Geo	Robotics & Space Ops.	Geo	Robotics & Space Ops.	Geo	Satellite Systems	Geo and Robotics & Space Ops.	Geo	Robotics & Space Ops.	Robotics & Space Ops.
Type (Engineering / Manufacturing)	Eng	Eng / Mfg	Eng	Eng / Mfg	Eng	Eng / Mfg	Eng	Eng	Eng / Mfg	Eng
Leased / Owned	Leased	Leased	Leased	Leased	Leased	Owned	Leased	Leased	Leased	Leased
Sq. Ft.	181,588	321,191	6,687	40,000	2,091	366,000	4,273	16,782	2,255	9,077

Intellectual Property

MDA's world class portfolio of successful projects, technologies, and patents place us in a strong position to continue playing a critical role in humanity's foray into space.

We own a substantial intellectual property portfolio that includes many Canadian and foreign patents, as well as many Canadian and U.S. copyright, trademarks and service marks. We actively pursue internal development of intellectual property. In addition to our patent portfolio, we own other intellectual property such as unpatented trade secrets, know-how, data and software. We rely on licenses of certain intellectual property to conduct our business operations, including certain proprietary rights to and from third parties. While our intellectual property rights in the aggregate are important to our operations, we do not believe that any particular trade secret, patent, trademark, copyright, license or other intellectual property right is of such importance that its loss, expiration or termination would have a material effect on our business.

Research and Development

We have a history of investing in development of technological advancements in our various fields. We have both internally and externally funded research and development projects. Our current and future business is dependent on developing new enhancements and technology that will be used in our existing and future products and services. Our research and development expenses (after customer reimbursement for certain expenses) were $7.2 million and $6.9 million for the years ended December 31, 2020 and 2019, respectively. We intend to continue our focus on research and development and product and service enhancements as a key strategy for innovation and growth.

Raw Materials

Our businesses are generally engaged in limited manufacturing activities and have minimal exposure to fluctuations in the supply of raw materials. For those businesses that manufacture and sell products and systems, most of the value that we provide is labour oriented, such as design, engineering, assembly and test activities. In manufacturing our products, we use our own production capabilities as well as third-party suppliers and subcontractors.

Cycles and Economic Dependence

We have not historically experienced seasonality in our operations.

A significant portion of the Company's expected revenue over the next several years is concentrated in a small number of contracts, including the contracts for Canadarm3 and Canadian Surface Combatant, and Telesat Lightspeed. The loss or termination of, or a breach or reduction of services under, any of these contracts could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the cancellation or material reduction in scope of the government programs for which the Company provides services could also have a material adverse effect on the Company.

Environmental Regulations

Our operations are regulated under various federal, provincial, local and international laws governing the environment, including laws governing the discharge of pollutants into the soil, air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We have infrastructure in place to ensure that our operations are in compliance with all applicable environmental regulations. We do not believe that the costs of compliance with these laws and regulations will have a material adverse effect on our capital expenditures, operating results or competitive position.

INDUSTRY

The U.S. Chamber of Commerce estimates the global space economy will expand by over US$1.1 trillion from 2017 to 2040, to US$1.5 trillion annually. This growth is expected to be driven by unprecedented commercial and government investments in space, which reflects the importance of space in an increasingly global, sophisticated, and data-driven world. Commercial spending on space is being driven by record levels of equity investment, which reached an all-time high of US$8.9 billion in 2020, a 50% increase compared to 2019[4], according to Space Capital. Global government budgets for space also reached an all-time high of US$83 billion in 2020, a 10% increase over 2019. In 2020 alone, industry milestones exemplifying the strength and growth of the global space economy included: (i) the U.S. Federal Communications Commission received license requests for over 80,000 new LEO satellites; (ii) the first successful commercial on-orbit satellite servicing mission was completed; (iii) the first private rocket reached the ISS; (iv) the C-band spectrum auction drove 13 new GEO satellite communication contracts; and (v) 1,275 satellites were launched into orbit, a 160% increase compared to 2019. MDA's portfolio of world-class technology is directly tied to the fastest growing areas of the space economy, including the deployment of LEO satellite constellations for communications and EO applications, space exploration, space-based defense spending, and on-orbit servicing of satellites and spacecraft.

Lower Costs and New Technologies are Driving the Commercialization of Space

New commercial space-based businesses are increasingly becoming more prevalent due to lower launch costs and more powerful satellite technologies. Between 1970 and 2000, the average cost to launch a payload into low Earth orbit was US$18,500 per kilogram. The cost to launch a payload into low Earth orbit today is approximately US$3,000 per kilogram, and is expected to fall to US$500 per kilogram according to the *Cato Institute*. The development of small satellites with new technologies and advanced capabilities has resulted in a significant reduction in the cost of satellites.

The combination of technology advancements and reduced launch and satellite costs has improved the economic feasibility of many space-based activities and services, including space-based broadband internet, EO, manned spaceflight, space tourism, and asteroid mining.

Space is Enabling Global Connectivity

We live in an increasingly interconnected and data dependent world, where over 70,000 gigabytes of data is sent over the internet every second. Data usage is expected to continue to increase as available bandwidth expands to enable universal connectivity and next generation technologies. Internet access is becoming a basic human right and global broadband connectivity is a critical pillar for socioeconomic development. Broadband internet connectivity will grow from 51% of the global population in 2019 to 75% in 2025, according to the *United Nations*.

Satellites represent one of the most efficient methods to support universal connectivity and are disrupting traditional terrestrial broadband providers. The proliferation of LEO satellite constellations will drive the majority of new satellite capacity, while GEO satellite demand is expected to remain stable as an important source of broadband connectivity. OneWeb, SES, Lightspeed (Telesat), Starlink (SpaceX), and Kuiper (Amazon) are collectively expected to deploy over 8,600 small LEO satellites within the next five years. *Northern Sky Research* estimates that more than 66 Tbps of capacity is expected to launch from the Phase 1 constellations of these companies within the next 5 years, compared to approximately 10 Tbps of additional capacity from GEO-HTS over the same period. These LEO communication constellations are critical to supporting global connectivity needs and enabling next generation technologies, including IoT applications, connected vehicles, and 5G backhaul and front haul.

Earth Observation is Critical to Global Sustainability and Economic Productivity

Euroconsult estimates that the global market for EO data and services will reach US$8 billion by 2029, growing from US$4.6 billion in 2019. EO plays a critical role in search and rescue mission effectiveness as well

[4] Represents space infrastructure venture spending which is total space spending less applications investment (space-dependent services including ride-hailing or navigation) and distribution investment (represents terrestrial-based technologies that connect to space-based networks).

as global and regional sustainability objectives, including monitoring of illegal fishing activity and tracking pollution and arctic ice levels. Of the 50 Essential Climate Variables identified by the World Meteorological Organization to monitor climate change, 26 can only be effectively observed from space.

Earth observation is also becoming an increasingly important driver of economic productivity across a broad range of sectors, including (i) agriculture (monitoring of crop health, yield estimation, and optimization of production and costs); (ii) critical infrastructure (monitoring of deployed assets, planning of new installations, and predicting future infrastructure needs); and (iii) commerce and trade (analyzing economic activity, increased supply chain visibility, and assessment of market dynamics).

As demand for EO data grows, analytics services are becoming increasingly important for synthetizing data and providing actionable information to support decision-making. *BIS Research* estimates that the global geospatial imagery analytics market will grow at an approximately 16% CAGR from 2020 to 2025.

The Future of Space Depends on Robotics and On-Orbit Solutions

Robotics and on-orbit solutions will be critical to enabling the forecasted economic growth of the new space economy. Autonomous robotics are expected to drive on-orbit applications, including satellite refueling, repositioning, repair, and de-orbiting services, with a view to reducing costs and improving safety. On-orbit services are expected to further lower the costs of operating in space by extending satellite life, reducing replacement requirements, and improving mission continuity. The U.S. Department of Defense estimates that 90% of man-made objects in space are debris, and removal services will be essential to control pollution in orbit and reduce risk to operational space assets.

As humanity expands toward next generation space missions, including asteroid mining and habitats beyond LEO, on-orbit assembly and manufacturing will be essential to ensuring mission success and economic viability. Advancements in robotics, sensors, AI, and systems miniaturization will support the growth of in-space manufacturing and assembly capabilities. These capabilities enable longer missions with greater flexibility as spacecraft can be constructed, reconfigured, and repaired in space.

The rapid emergence of an in-space economy is expected to drive demand for these on-orbit serving solutions and in-space manufacturing capabilities. *Northern Sky Research* estimates that the market for on-orbit services will generate cumulative revenues of US$6.2 billion from 2021 to 2030.

Space is Critical to National Security

Space is now a critical military domain equal in importance to the traditional fields of air, land, and sea. Space-based assets are required for a broad range of essential military applications including communications, intelligence and surveillance, missile warning and tracking, and navigation.

Several countries around the world have developed offensive capabilities in space over the last decade, which have the ability to disrupt or destroy strategic space assets. In response to this threat, many countries' militaries are increasing funding and creating independent space commands to reinforce national security priorities. The global defence community spent US$32 billion on space programs in 2020, a 23% increase from the US$26 billion spent in 2018, according to *Euroconsult*. In addition, at least seven countries around the world have developed independent space commands over the last five years, including the U.S., the United Kingdom, China, Russia, France, and Japan.

Furthermore, militaries have begun to shift their constellation architecture from a few large satellites to many cost effective, but powerful small satellites, a strategy that was previously too expensive to employ. The deployment of many small satellites versus a limited number of large satellites significantly improves the resiliency of strategic space-based assets. Governments are leveraging commercial space companies' ability to innovate and deliver cost effective solutions to enable this small satellite constellation strategy.

The Future of Humanity is Interplanetary

Space has become a truly borderless frontier, with approximately 90 countries around the world indicating interest in contributing to space programs and 75 countries that already have space agencies. *Euroconsult* estimates the number of space exploration missions will increase by 250% over the next decade to 130 as countries pursue manned lunar and Martian missions and search for signs of life in our solar system.

Government funding for space exploration is projected to increase from less than US$20 billion in 2019 to US$30 billion by 2029. *Euroconsult* estimates that there will be over 50 lunar missions over the next decade and that nine countries will have landers or rovers on the moon in 2021. Furthermore, NASA has announced plans to spend ~US$28 billion over the next 5 years to return astronauts to the moon by 2024. The increasing frequency of Lunar missions will be driven by a diverse number of countries around the world, including Israel, India, China, Russia, the U.S., and the United Kingdom. Martian exploration is also on the rise. The United Arab Emirate's first probe will reach Mars in 2021, while the U.S., China, the European Union, and Russia are currently planning additional missions to Mars, with the goal of landing humans on the planet in the 2030s.

COMPETITIVE STRENGTHS

As one of the most advanced technology and service providers to the space economy, we are ideally positioned to provide innovative, mission critical solutions to emerging space companies, large prime contractors, and governments. We believe we have won over 70% of our bids that proceed to contract in recent years because of our ability to provide differentiated solutions to these customers, which is driven by the following competitive strengths:

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 and have developed the world's largest multi-sensor ground station network. Our integrated satellite and ground station network, combined with our value-added analytics capabilities, enables us to deliver a cutting edge and fully integrated EO solution to our customers. 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 AI&T 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.

Agility and Scale Positions Us to Serve Both Emerging Space Companies and Established Customers

Our organizational structure and entrepreneurial culture enable us to respond rapidly to customer needs and market trends across all our business areas. We believe the pace of space innovation has accelerated and that our focus on agility is critical to our customers' success. This focus on agility allows us to collaborate with partners to provide customized solutions, iterate quickly, and achieve optimal outcomes. Our culture and organizational structure provides us with a competitive advantage over our large prime contractor competitors in terms of our ability to be responsive and to efficiently deliver bespoke solutions.

We have significant scale with over 200,000 square feet of extensive 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

Space is a hostile and unforgiving operating environment with a high cost of failure. As a result, our customers prefer to work with proven partners to ensure the success of their missions. Our reputation and track record for delivering mission critical solutions provides customers and their investors 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 900 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. Our track record of execution instilled confidence in OneWeb that we were the ideal partner that they could entrust with the success of their mission.

In addition to new business wins, our track record of execution drives repeat business and customer loyalty. Each program we win further deepens our domain expertise, solidifies us as a leader in the verticals in which we operate, and underscores the trust our partners place in our capabilities.

Entrepreneurial Go-to Market Strategy

We generate business opportunities by utilizing an entrepreneurial go-to market strategy. We empower our business development teams and encourage them to find creative ways to support the success of our customers. For instance, we provide R&D support during proposal phases to jointly develop a mission and assist customers to obtain mission financing. This entrepreneurial strategy and ability to demonstrate our value with our customers early in the life cycles of their missions differentiates us from competitors who may have a more traditional approach.

We build on our relationships with customers to find additional opportunities to deliver mission-enabling solutions. While working closely with customers in the development phases of missions, our engineers discuss future mission ideas, and proactively recommend potential solutions and enhancements to meet the customer's evolving needs. This forward thinking approach regularly results in awards for follow-on solutions on subsequent missions. These subsequent mission awards are a direct result of our strategy and allow us to identify new business opportunities ahead of the competition.

Deep Team with a Winning Culture

We have a highly experienced management team and workforce of over 2,000 employees, which provides us with the critical expertise to execute complex space missions. Our position as an innovation leader at the forefront of the growing space economy allows us to recruit premium talent and retain our employees. Our employees stay at MDA on average for over a decade, which deepens our institutional knowledge and domain expertise. Our entire team stands by our core values of integrity, responsibility, collaboration, fueling inspiration, and operational excellence, a culture that drives successful delivery on customer missions and continued growth.

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. We believe an opportunity exists to (i) grow our revenues from approximately $411 million in Fiscal 2020 to between $800 and $900 million in Fiscal 2022, and (ii) grow our Adjusted EBITDA from approximately $127 million in Fiscal 2020 to between $160 and $180 million in Fiscal 2022. A significant portion of this expected growth is underpinned by the recent award of our flagship programs. In addition, since separating from Maxar, we have renewed our executive leadership team, invested significantly in research and development, and developed new growth strategies to position us for the significant future opportunities in the industry. Over the long-term, we believe the rapid growth of the space economy presents opportunities multiple times larger than our current targets across each of our business areas. We believe there is a $1 trillion (~US$765 billion) TAM of cumulative revenue from 2021 to 2025 and are currently targeting an identified pipeline of potential opportunities in excess of $15 billion over the same period. By leveraging our competitive strengths we believe we will continue to grow revenue rapidly beyond 2022 and achieve over $1.5 billion of revenue in Fiscal 2025. In addition, we have a long term target for our Adjusted EBITDA margin of 18% to 20%.

These targets do not constitute a forecast or projection. Our strategies to achieve these targets are described this section “Growth Strategies”. There can be no assurance that we will achieve these targets, and our actual results may vary materially.

Execute on Recently Awarded Flagship Programs

We have recently been awarded new flagship programs that, if fully implemented, will contribute an estimated $350 million towards our targeted Fiscal 2022 revenue and that collectively represent over $3.5 billion of potential revenue to MDA over the long-term. The programs include:

Canadarm3: We received a Phase A contract from the CSA in December 2020 to develop Canadarm3 for the Lunar Gateway mission. We expect to be awarded subsequent phases by the fourth quarter of 2021. The Canadarm3 will be designed and built over a five- year period and is expected to generate estimated total revenue to MDA of $1.4 billion, including 15 years of ongoing service and support revenue. 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.

Canadian Surface Combatant: 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, or approximately $100 million per vessel. We will leverage the Canadian Surface Combatant’s sensor, laser warning, and electronic system technologies to serve international defense customers as they upgrade their naval fleets over time.

Telesat LEO Constellation: In February 2021, Telesat announced that MDA was selected for a major role on their upcoming constellation. MDA will develop the DRA, a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. Additionally, we are in discussions to provide Telesat with gateway antennas as well as spacecraft 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.

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

Deepen Constellation Market Share and Develop Digital Solutions for Satellite Communications Industry

In Satellite Systems, we have identified a pipeline of over $10 billion of opportunities[5] and an estimated TAM of over $875 billion (~US$675 billion) in cumulative revenues over the next five years. To capitalize on this pipeline, we will scale our capabilities and enhance our expertise to win satellite constellation and digital payload opportunities.

Our pipeline of communication constellation opportunities is primarily driven by the proliferation of LEO constellation programs. To pursue this pipeline, we are scaling our satellite systems AI&T capabilities through the execution of current and upcoming constellation programs, including Telesat Lightspeed. In addition to supporting high volume requirements, these scaled capabilities give us the capacity to capture incremental aftermarket and replacement services revenues, driven by the short lifespan of LEO satellites. We believe our total opportunity in LEO constellations is significantly greater than our current pipeline, and our expanded platform will allow us to capitalize on additional opportunities.

We will enhance our expertise to support the transition from analog to digital payloads for both LEO and GEO satellites. Our work on the Telesat Lightspeed DRA will further develop our digital satellite technologies. We intend to leverage these technologies and our expertise developed during the program to provide customized digital payload solutions for specific applications, including 5G backhaul and rural broadband. This will enable us to provide critical solutions to satellite manufactures that lack digital payload capabilities.

Expand Market Leadership in Geointelligence

In Geointelligence, we have identified a pipeline of over $3 billion of opportunities and an estimated TAM of $90 billion (~US$70 billion) in cumulative revenues over the next five years. We intend to expand our market leadership in Geointelligence to capture our pipeline of opportunities by enhancing our SAR imagery solution, broadening our information services platform, expanding our data sources and executing on next generation opportunities.

We are currently developing SARnext, a next-generation radar satellite system that will enhance our EO solutions offering, and is expected to generate estimated total revenue to MDA of approximately $2 billion over the next 15 years. SARnext will fuse data from multiple sensors and will leverage artificial intelligence in order to manage larger volumes of data and provide enhanced analytics services. We also intend to launch our cloud-based ground station solution as part of our SARnext offering. These expanded capabilities will grow our customer base and drive increased revenue from existing customers by providing additional services.

We will bolster our information services platform by developing a best-in-class maritime domain awareness analytics platform. This maritime domain awareness platform will be designed to provide customers with the ability to monitor vessel and port activity and environmental conditions for any area of interest around the world from space. It will also have the ability to identify "Dark Vessels" that have turned off key ship identification sensors. This will effectively address our maritime customers' need for near real-time and actionable information. Our maritime domain awareness analytics platform will be transferable to non-maritime market adjacencies, including defense and intelligence, agriculture, and disaster management.

We will leverage our EO satellite capabilities and track record to execute on future opportunities. We are currently working on a pipeline of attractive EO opportunities, including two large satellite programs for the Canadian government, namely the Department of National Defence's DESS-P program and the CSA's EOSC program. Our EO pipeline also includes significant opportunities to export our EO solutions internationally, particularly to geographies with large maritime surveillance requirements, including Australia and the United Kingdom.

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[5] Consisting of approximately $3 billion from GEO satellite sub-systems; approximately $7 billion from LEO constellations; and approximately $600 million from MEO satellites, lunar and spacecraft communications and additional space communications opportunities.

Maximize Robotics & Space Mission Participation

In Robotics & Space Operations, we have identified a pipeline of over $2 billion of opportunities[6] and an estimated TAM of $25 billion (~US$20 billion) in cumulative revenues over the next five years. We intend to capitalize on this pipeline of opportunities by leveraging our industry leading robotics solutions for space exploration and on-orbit servicing applications and by expanding our real-time mission support capabilities.

Our business development and sales activities are focused on maximizing additional participation in space exploration missions. We are an industry leader in space robotics and exploration mission solutions, including LiDAR and vision sensors, planetary vehicle systems, and communication systems, which are technologies that are critical to enabling the successful completion of space exploration missions. We are already contracted to provide components for four lunar missions, and believe our robotics solutions can effectively address the majority of space explorations and same return missions currently planned for the next decade.

We will leverage the technologies and capabilities we develop during space exploration and government on-orbit missions 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.

We are expanding our real-time space mission support capabilities by constructing the world's first commercial space robotics operations mission center. We will operate the mission center as a platform to execute space operations on behalf of commercial companies and governments. Our platform will provide planning, simulation, execution, and analysis services to support the growing number of robotics missions and applications.

Expand in Growing International Markets

We see significant opportunity for international expansion in a number of attractive geographies, including the United Kingdom and Australia, which are strategically aligned with NATO and lack a large national space company incumbent. To address these international expansion opportunities we intend to enhance our existing presence in the United Kingdom and seek additional opportunities to further expand our international footprint. This expansion will enable us to support countries outside of the U.S. and Canada as they pursue their ambitious space programs.

We regularly engage with the United Kingdom, Australia, and other international governments to export our expertise in radar satellite technology and multi-source ground stations to develop in-country, domestic capabilities for maritime domain awareness. International countries with prominent coastlines and a high level of marine activity seek our capabilities to increase situational awareness, monitoring, and tracking of vessels and their activity in and around their nation's borders.

Utilize 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 mergers and acquisitions 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.

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6 Consisting of approximately $1 billion from commercial sensors, robotics and space operations; approximately $725 million from space agency programs; and approximately $350 million from new mission content. (ii) programs and services which are recurring in nature, and (iii) new program awards based on our current new business pipeline and historical track record securing new mandates. Specifically, our revenue targets are based on the following key assumptions, among others:

Revenue Targets

We believe an opportunity exists to (i) grow our revenues from $411 million in Fiscal 2020 to between $800 and $900 million in Fiscal 2022 and (ii) grow our revenues to over $1.5 billion in Fiscal 2025. The following table outlines the composition of our revenue targets for these periods:

	Revenue			CAGR			Contribution 22 vs. 20		Contribution 25 vs. 20	
	2020	2022	2025	20-22	20-25	22-25	$	%	$	%
Canadarm3	2	180	200	868%	153%	4%	178	41%	198	18%
CSC	6	75	100	261%	77%	10%	69	16%	94	8%
Telesat Lightspeed	—	95	50	nmf	nmf	(19)%	95	22%	50	4%
Geointelligence	179	180	565	1%	26%	46%	2	0%	387	35%
Robotics & Space Ops.	113	155	220	17%	14%	12%	42	9%	107	10%
Satellite Systems	112	165	390	22%	28%	33%	53	12%	278	25%
MDA	**411**	**850**	**1,525**	**44%**	**30%**	**22%**	**439**	**100%**	**1,114**	**100%**
Memo: Geointelligence excluding CSC										
Earth Observation	114	115	195	1%	11%	19%	1	0%	81	7%
All other	65	65	370	1%	42%	79%	1	0%	306	27%

(1) Business Area revenue EXCLUDES revenue from Flagship Programs

(2) Fiscal 2022 based on mid-point of revenue target disclosure

These targets do not constitute a forecast or projection. Our strategies to achieve these targets are described under this section "Growth Strategies". There can be no assurance that we will achieve these targets, and our actual results may vary materially.

Our revenue targets are based on underlying assumptions that we believe are reasonable, including assumptions regarding future revenues from (i) awarded programs (including our flagship programs), (ii) programs and services which are recurring in nature, and (iii) new program awards based on our current new business pipeline and historical track record securing new mandates. Specifically, our revenue targets are based on the following key assumptions, among others:

2022 Revenue Target ($800 to 900 million)

- **Flagship Programs.** Growth in revenue from our three flagship programs accounts for approximately 78% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2022. The expected revenue from each of these programs in Fiscal 2022 is based on the currently established scope and timetable for each program and assumes that we will provide our services in accordance with the applicable standards and performance obligations. While there can be no certainty that (i) these programs progress on the currently expected timetable, and (ii) that we will adequately meet the required performance obligations in the coming years, we believe our expectations for Fiscal 2022 revenue from these programs is reasonable based on (i) current information with respect to our work scope and program timetable, and (ii) our historical performance track record of executing and meeting all applicable obligations on similar large programs. Specifically:
    - **Canadarm3.** We expect total cumulative revenue for the life of the project to be approximately $1.4 billion, which includes approximately $900 million to design and build Canadarm3 over a five-year period (2022 to 2026) and $500 million of recurring services and other ongoing operations over a subsequent 15-year period. We also intend to leverage the technology we are developing for Canadarm3 to deliver commercial products and services in the growing on-orbit servicing and in-space manufacturing and assembly markets, which has not been factored into our revenue targets for Canadarm3 in Fiscal 2022 nor for Fiscal 2025.

- **Canadian Surface Combatant.** MDA is currently under contract with Lockheed Martin Canada as the Electronic Warfare Suite systems integrator for the Canadian Surface Combatant, an advanced and multi-mission combat ship, equipped with next generation technology to capably support and protect the men and women of the Royal Canadian Navy. We expect total cumulative revenue for the life of the project to be approximately $1.5 billion. This value is based on (i) the current design of the ship and specifically the scope of the EW system that MDA is responsible for, and (ii) the current expectation for 15 ships to delivered over a 15-year period. We also intend to pursue opportunities to sell CSC's sensor, laser warning, and electronic system technologies to international defense customers as they upgrade their naval fleets over time. In addition, we expect to have an opportunity to provide long-term recurring maintenance and in-service support services to the CSC fleet, similar to our role on other defense platforms where we have OEM content. Potential revenue from the international opportunity and the recurring service opportunity is not included in our Fiscal 2022 revenue target, nor our 2025 revenue target.

- **Telesat Lightspeed Constellation.** We currently expect to complete the bulk of our work on the first phase of the Telesat Lightspeed constellation (300 satellites) from Fiscal 2022 to Fiscal 2024. We expect revenue of $800 million from this program over the next five years. Telesat has a registered license for an additional 1,300 satellites, which represents a potential multibillion-dollar future opportunity for MDA but which is not included in our Fiscal 2022 nor our Fiscal 2025 revenue target.

- **Robotics & Space Operations.** Growth in revenue in our Robotics & Space Operations business area, excluding revenues from Canadarm3 that are referred to above within our flagship programs, accounts for approximately 9% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2022. The anticipated revenue level in Fiscal 2022 represents a CAGR of approximately 17% from Fiscal 2020 to Fiscal 2022, which compares to an 11% revenue CAGR realized from Fiscal 2018 to Fiscal 2020. The anticipated revenue level in Fiscal 2022 is supported by our current pipeline of identified opportunities which represents a revenue opportunity in Fiscal 2022 that is 2.6 times greater than our anticipated revenue level. For the purposes of our targeted revenues for Fiscal 2022, we have assumed that we will secure only a portion of these opportunities, consistent with our historical win rate for Robotics & Space Operations contracts, that the projects underlying these new business award opportunities progress within the scope and on the timetable expected, and that we will provide all of the products and services for these programs in accordance with the applicable service standards and performance obligations.

- **Satellite Systems.** Growth in revenue in our Satellite Systems business area, excluding revenues from Telesat's Lightspeed constellation that are referred to above within our flagship programs, accounts for approximately 12% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2022. The anticipated revenue level in Fiscal 2022 represents a CAGR of approximately 22% from Fiscal 2020 to Fiscal 2022, which compares to a realized revenue CAGR from Fiscal 2018 to Fiscal 2020 of approximately negative 27%. As described in the MD&A section of this prospectus, revenue in our Satellite Systems business area was materially negatively impacted in Fiscal 2020 due to several factors, including: (i) productivity losses due to COVID-19 which impacted progress on existing programs, which has since been mitigated; (ii) delay in new business awards due to COVID-19, which has since returned to normalized levels; (iii) increased costs associated with the Jupiter 3 satellite program, which resulted in lower revenues and negative gross profit, but is not expected to materially impact future results; and (iv) the substantial completion of several programs that were not fully offset by new business awards. The anticipated revenue level in Fiscal 2022 is supported by our current pipeline of identified opportunities which is significantly higher than at any other point in our history and represents a revenue opportunity in Fiscal 2022 that is 14 times greater than our anticipated revenue level. The significant increase in our current pipeline relative to prior years is due to (i) our separation from Maxar, which has enabled us to significantly expand the type and number of opportunities we pursue, and (ii) a significant increase in demand for new LEO satellite constellations. Specifically, we have identified several new constellation opportunities that represent an estimated cumulative revenue opportunity to MDA of $6.5 billion (2021 to 2025) and we are currently engaged in detailed discussions with respect to a number of these opportunities that represent an estimated cumulative revenue opportunity to MDA of $3.5 billion (2021 to 2025). For the purposes of our targeted revenues for

Fiscal 2022, we have assumed that we will secure only a portion of those opportunities consistent with our historical win rate for Satellite Systems contracts, that the projects underlying these new business award opportunities progress within the scope and on the timetable expected, and that we will provide all of the products and services for these programs in accordance with the applicable service standards and performance obligations.

2025 Revenue Target ($1.5 billion)

The recent award of our three flagship programs also represents a significant portion of the expected revenue growth through Fiscal 2025, without taking account of additional revenue opportunities expected to be created through our participation in those programs. The duration of these programs provides significant visibility through Fiscal 2025. The remaining portion of the assumed growth from Fiscal 2020 to Fiscal 2025 is expected to come from increased revenue in each of our business areas, which in each case is supported by our current pipeline of identified upcoming program opportunities.

- **Flagship Programs.** Growth in revenue from our three flagship programs accounts for approximately 31% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2025. The expected revenue from each of these programs in Fiscal 2025 is based on the currently established scope and timetable for each program and assumes that we will provide our services in accordance with the applicable standards and performance obligations. While there can be no certainty that (i) these programs progress on the currently expected timetable, and (ii) that we will adequately meet the required performance obligations in the coming years, we believe our expectations for Fiscal 2025 revenue from these programs is reasonable based on (i) current information with respect to our work scope and program timetable, and (ii) our historical performance track record of executing and meeting all applicable obligations on similar large programs.

- **Geointelligence.** Growth in our Geointelligence business area (excluding revenue from CSC described above) accounts for approximately 35% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2025. The anticipated growth can be bifurcated into two key areas:

  - **Earth observation data and services.** Our target for Fiscal 2025 revenue implies a 5-year CAGR of approximately 11% (2020 to 2025), which compares to an estimated industry CAGR of 5.7% (2019 to 2029). We expect to grow our EO data and services revenue faster than the market through the development of (i) SARnext, our next-generation EO radar satellite which will significantly expand our capabilities and, as a result, enable us to increase sales to existing customers and expand our customer base, and (ii) the development of a best-in-class maritime domain awareness information services platform, including the development of our cloud-based ground station solution, which will enable us to expand our customer base and increase our market share in the rapidly expanding market for geospatial imagery analytics which is expected to grow at an approximately 16% CAGR from 2020 to 2025.

  - **Large programs with the Canadian government.** We have a longstanding track record of executing large programs in partnership with the Canadian government in several areas, including the design and construction of EO radar satellites, sensors and radars for military applications, and command and control systems for ship-based and on-shore military applications. The Canadian government has identified and is in the early planning stages for several upcoming large programs where MDA is either the incumbent supplier or well-positioned to secure a prominent role in developing these solutions for the Canadian government. Specifically, future opportunities for MDA include two next-generation EO satellites: (i) the Defense Enhanced Surveillance from Space-Program ("**DESS-P**") for the Department of National Defense, and (ii) the Earth Observation Service Continuity Program ("**EOSC**") for the CSA. These two programs, where we are the incumbent supplier, have an estimated total cumulative revenue opportunity to MDA of approximately $3 billion, which is expected to be realized over a period of ten years, similar to other large EO satellite programs built for the Canadian government. The key execution phases for these programs are expected to begin by 2025. MDA is the incumbent supplier to the Canadian government via its role over the past 25 years in the design and construction of each prior generation of EO satellites, which includes RADARSAT-1, RADARSAT-2 and RADARSAT Constellation Mission. The revenue opportunity from these two programs is expected to extend beyond Fiscal 2025. In addition, MDA has identified three other significant defense-related programs with the Canadian government in areas where MDA is the incumbent supplier. These programs represent an estimated total cumulative revenue opportunity to MDA of approximately $200 million from Fiscal 2022 to Fiscal 2025. While there can be no certainty (i) that these projects go forward on the terms we expect, or at all, nor (ii) that MDA will be selected as the prime contractor, we believe we are well-positioned to continue to partner with the Canadian government on these large missions where we have extensive capabilities and a strong track record of past success.

- **Robotics & Space Operations.** Growth in our Robotics & Space Operations business area (excluding revenue from Canadarm3 described above) accounts for approximately 10% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2025. This anticipated growth represents a CAGR of approximately 14% (2020 to 2025) and is supported by a combination of new business award opportunities we have identified and that we expect to materialize in the robotics market and that we expect to bid on but may not win. Specifically, the anticipated revenue level in Fiscal 2025 is supported by our current pipeline of identified opportunities which represents a revenue opportunity in Fiscal 2025 that is 1.9 times greater than our anticipated revenue level. In addition, we expect the overall pipeline of available opportunities to increase in future years driven by anticipated growth in the space industry, including increased mission activity as well as increasing demand for new applications in the areas of on-orbit servicing, in-space assembly, asteroid mining, and space debris monitoring and removal. For the purposes of our targeted revenues for Fiscal 2025, we have assumed, though there can be no assurances in these regards, that we will secure only a portion of those opportunities consistent with our historical win rate for Robotics & Space Operations contracts, that the projects underlying these new business award opportunities progress within the scope and on the timetable expected, and that we will provide all of the products and services for these programs in accordance with the applicable service standards and performance obligations.
- **Satellite Systems.** Growth in our Satellite Systems business area (excluding revenue from Telesat Lightspeed described above) accounts for approximately 25% of the anticipated increase in revenue from Fiscal 2020 to Fiscal 2025. This anticipated growth represents a CAGR of approximately 28% (2020 to 2025) and is supported by a combination of new business award opportunities we have identified and that we expect to materialize in the satellite market and that we expect to bid on but may not win. As described above, the anticipated revenue level in Fiscal 2025 is supported by our current pipeline of identified opportunities which is significantly higher than at any other point in our history and represents a revenue opportunity in Fiscal 2025 that is 5.5 times greater than our anticipated revenue level.

We are providing 2-year and 5-year revenue targets as we believe these are the most relevant metrics to reflect our near-term and medium-term growth prospects. Fiscal 2025 is utilized as the medium-term target year because the 5-year outlook is a standard frame of reference used by MDA and many others. In our view Fiscal 2025 is representative of our medium-term growth potential, consistent with our expectations for proximate fiscal periods. For example, as described in "Revenue Targets", we expect the vast majority of our work on the first phase of the Telesat Lightspeed to be substantially complete in Fiscal 2024. Targeted Fiscal 2025 revenues reflect the anticipated decline in those revenues, and do not include the opportunity to supply Telesat Lightspeed with additional satellites in the anticipated second phase of the program. Additionally, our Fiscal 2025 revenue target includes only a small portion of the total expected revenue opportunity associated with the anticipated EOSC and DESS-P satellite programs that the Canadian government is in the early stages of procuring; assuming these programs progress as expected and MDA is involved, we would expect our revenues in Fiscal 2026 and subsequent following years to be higher than the revenue level targeted for Fiscal 2025. While our targeted revenue growth from Fiscal 2022 to Fiscal 2025 is not linear in nature, we expect steady revenue growth throughout this period based on our expectations for continued growth with existing customers, including our flagship programs, as well as assumed revenue from new customers conservatively based solely on opportunities in our current pipeline.

Adjusted EBITDA Targets

Fiscal 2022 Target

We believe an opportunity exists to grow our Adjusted EBITDA to between $160 and $180 million in Fiscal 2022, which implies an Adjusted EBITDA margin range of 18% to 23% on our target range for revenues in Fiscal 2022 of $800 to $900 million. For context, excluding the benefit received under the Canadian Emergency Wage Subsidy in Fiscal 2020 ($42 million), which we currently do not expect to qualify for in subsequent years, Adjusted EBITDA was $85 million which implies an Adjusted EBITDA margin of 21%. The Adjusted EBITDA margin in Fiscal 2019 and Fiscal 2018 was 25.9% and 29.4%, respectively. Please refer to the heading "Non-IFRS Financial Measures — Discussion of Adjusted EBITDA Trends" in the MD&A for a description of the decline in the Adjusted EBITDA margin from Fiscal 2018 to Fiscal 2020.

Our targets for Adjusted EBITDA assume that we will achieve the revenue targets set out above. These Adjusted EBITDA targets are also based on (i) assumed gross margins which consider the targeted revenue mix and are informed by both our historical performance for similar programs as well as our current expectations of profitability for secured programs and (ii) expected growth in selling, general and administrative and research and development expenses which we expect will be required to realize our revenue growth targets. We expect these expenses to grow in a manner that is proportionate to the growth in our revenues. More specifically:

- The anticipated gross margin in Fiscal 2022 is informed by (i) our historical performance, and (ii) our current expectations of profitability for the flagship programs, which on average are expected to have modestly lower gross margins as compared to our overall historical gross margin. Given the above statement and the significant size of the flagship programs, we expect our gross margin percentage in Fiscal 2022 to be modestly lower than our historical gross margin.
- The Fiscal 2022 Adjusted EBITDA target range incorporates anticipated higher spending in the areas of research & development and selling, general and administration, which is required to support the anticipated ongoing increases in revenue. When measured as a percentage of revenue, these costs are expected to decrease as a result of the significant anticipated increase in revenue, which is primarily driven by the flagship programs in this period.

Long Term Target

We have a long term target for our Adjusted EBITDA margin of 18% to 20%. Similar to the above description of the Fiscal 2022 target, this long term target assumes that we will achieve the revenue targets set out above and takes into account (i) the anticipated gross margin that results from our anticipated revenue mix and (ii) anticipated growth in research and development and selling, general and administrative expenses which we expect will be required to realize our revenue growth targets.

Our ability to achieve the targets referred to above is subject to a number of risks, challenges and uncertainties, including those described under the headings "Forward-Looking Information" and "Risk Factors," all of which may cause actual results to vary materially from those set out in our targets. There can be no assurance that any or all of the potential projects described above will go forward on the terms we expect, or at all, or be completed as anticipated, or that we will be awarded any or all of the projects that will intend to bid on and that are reflected in our targets for revenues and Adjusted EBITDA, or any future phases of our existing or future projects. If the amount or type of future awards of new business to us fall short of our expectations or are inconsistent with our past experience, we may not achieve the referenced targets. In addition, delays or other issues relating to our performance under our contracts may require us to incur additional costs, which may have a material adverse effect on our revenues and Adjusted EBITDA. The targets referred to above also reflect our assumptions regarding the number and type of opportunities for new business awards that will arise in the future, which in turn reflect our assumptions regarding the general growth and direction of the space industry over the next five year period. We have assumed that general economic conditions will remain stable and that the ongoing COVID-19 pandemic will not have a material adverse impact on the volume of projects that we may bid on or on our ability to perform work under our contracts, that the overall space industry will continue to grow at a rapid rate and that government policy, including budgetary policy, will remain supportive of the industry.

OUR INVESTORS

In December 2019, the Investor Group led by NPC, a Toronto-based private equity fund co-led by John Risley and Andrew Lapham, entered into a definitive agreement to acquire MDA from Maxar. The business acquired by the Investor Group included the historical Canadian assets of MDA and excluded Space Systems/

Loral, LLC, which continues to operate as a wholly owned subsidiary of Maxar. The transaction was completed in April 2020 and caused MDA to be repatriated under Canadian ownership and to once again be an independent merchant supplier to the global space economy.

As a stand-alone business unaffiliated with a satellite prime contractor, MDA has increased its ability to work more collaboratively with satellite and spacecraft OEMs, make significant and strategic research and development investments to drive growth, and partner with start-up companies across the globe. MDA's independence coincides with an overall acceleration in space commerce that has led to a sharp acceleration in business opportunities and the achievement of multiple milestones since the separation from Maxar including:

- Engaged with 5 new prime contractors and 6 new commercial space operators in Satellite Systems
- Announced the development of SARnext, a next generation EO commercial satellite, which we believe will extend our market-leading geospatial data, products, and AI-based analytics services business well into the future
- Selected to deliver the most advanced LEO antennas going into production in the world
- Selected to provide technology on 6 lunar missions
- Received bid requests for 4 new U.S.-based prime contractor opportunities
- Identified 6 new LEO constellation opportunities
- Extended our service contract on the ISS to 2025, marking over 25 years of continuous service delivery
- Secured and announced the award of Canadarm3 Phase A contract
- Secured and announced the first production contracts for the Canadian Surface Combatant
- Established a renewed executive leadership team composed of world-class leaders that have inspired MDA's renewed position in the space economy

Upon the completion of this Offering, the Investor Group directly or indirectly, will own or control approximately 74.5% of the issued and outstanding Common Shares (71.8% if the Over-Allotment Option is exercised in full).

None of NPC, any other member of the Investor Group or John Risley or Andrew Lapham, the controlling shareholders of NPC and directors of the Company, is a promoter of the Company within the meaning of applicable securities laws in Canada. While the Investor Group, led by NPC, acquired the Company's business from Maxar pursuant to the Acquisition and the Company has since that time, among other things, renewed its executive leadership team, invested significantly in research and development and developed new growth strategies, there has been no founding, organizing or substantial reorganizing of the business of the Company at the initiative of NPC, any other member of the Investor Group or John Risley or Andrew Lapham.

USE OF PROCEEDS

We estimate that the net proceeds of the Offering, after deducting the Underwriters' Commission and the estimated offering expenses payable by us, will be approximately $374 million ($431 if the Over-Allotment Option is exercised in full).

We are undertaking this Offering to repay borrowings and fund key growth initiatives. Specifically, the Company intends to use approximately $340 million of the net proceeds of the Offering to repay approximately 80% of the outstanding indebtedness under the First Lien Credit Facilities ($424 million outstanding as of December 31, 2020). The remainder of the net proceeds of the Offering will be used to fund a portion of our ongoing growth initiatives that require capital investments, the largest of which is the development of SARnext, our next-generation EO commercial satellite. We operate in a dynamic and rapidly evolving market, and we believe financial flexibility to react to market demand and conditions will be a competitive advantage for MDA. By improving our overall financial flexibility with this Offering, we believe we will be well positioned to execute on our growth strategies and enhance our competitive strengths.

The indebtedness to be repaid was incurred for the purpose of financing a portion of the purchase price paid by the Purchaser to Maxar pursuant to the Acquisition.

As announced by the Company on February 2, 2021, we intend to build and launch our next-generation commercial EO satellite system, SARnext. We expect to build SARnext at an estimated cost to the Company of approximately $350 million.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business and/or to pay down debt and do not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the sole discretion of the Board of Directors and will be dependent upon the Company's results of operations, financial condition, cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other relevant factors. The Company cannot assure you as to the amount or timing of any dividends in the future. See "Description of Share Capital".

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's management's discussion and analysis of the financial condition and results of operations as of December 31, 2020 and the years ended December 31, 2020, December 31, 2019 and December 31, 2018 (the "**MD&A**"), included in this prospectus in Appendix C hereto, provides certain information concerning the Company's financial condition and results of operations. The MD&A should be read in conjunction with the Financial Statements, which are included in this prospectus in Appendices A and B hereto.

DESCRIPTION OF SHARE CAPITAL

Share Capital Information of the Company Prior to Pre-Closing Reorganization

The Company is currently authorized to issue an unlimited number of Common Shares. As of the date of this prospectus, prior to giving effect to the Pre-Closing Reorganization, there are 515,006,448 Common Shares issued and outstanding, of which 513,720,000 (representing 99.1% of the issued and outstanding Common Shares) are owned by the Partnership.

Pre-Closing Reorganization

Prior to the closing of the Offering, the Partnership will transfer 513,720,000 Common Shares (being all of the Common Shares owned by the Partnership) to Newco, a corporation to be incorporated under the laws of the Province of Ontario, in exchange for common shares in the capital of Newco (the "**Newco Shares**"). Immediately following such transfer, the Partnership will own all of the Newco Shares and Newco will own 513,720,000 Common Shares. The Partnership will then be dissolved and the Limited Partners of the Partnership will, as result of the distribution of the Partnership's property and assets (which includes all of the outstanding Newco Shares) upon such dissolution, become the direct shareholders of Newco.

Following such dissolution, Newco and the Company will be amalgamated pursuant to the OBCA under the name "MDA Ltd.", such that the Limited Partners (and the existing shareholders of the Company (other than the Partnership)) will be the direct shareholders of the Company prior to the Closing. Pursuant to the amalgamation, (a) all of the issued and outstanding Common Shares will be consolidated on the basis of six pre-consolidation Common Shares for one post-consolidation Common Share (the "**Share Consolidation**"); and (b) the articles of the Company will be amended to provide for the requirement that: (i) a majority of the board of directors of the Company must be resident Canadians, and (ii) the head and registered office of the Company must be located in Canada. In connection with the Share Consolidation, appropriate adjustments also will be made to the outstanding Options to reflect the Share Consolidation.

As a result of the Pre-Closing Reorganization, the authorized share capital of the Company will consist of an unlimited number of Common Shares, of which 86,830,156 Common Shares will be issued and outstanding immediately prior to the completion of the Offering.

An aggregate of 114,951,656 Common Shares will be issued and outstanding immediately following Closing (119,237,381 Common Shares if the Over-Allotment Option is exercised in full), excluding Common Shares that may be issued upon exercise of outstanding options or other convertible securities issued by the Company (including as described under "Options to Purchase Securities"). An aggregate of 117,517,285 Common Shares will be issued and outstanding immediately following Closing (121,803,010 Common Shares if the Over-Allotment is exercised in full) on a fully-diluted basis. 545,748 of the Common Shares that will be issued and outstanding immediately following the Closing will be held by the Employee Trust, for the benefit of certain executive officers and employees of the Company. See "Executive Compensation — Components of Compensation — Employee Trust".

The following is a description of the material terms of the Common Shares as set forth in the Company's articles upon completion of the Pre-Closing Reorganization.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend any shareholders' meetings and are entitled to one vote in respect of each Common Share held at such meetings.

The holders of the Common Shares are entitled to participate equally in dividends, if any, declared on the Common Shares.

In the event of the liquidation, dissolution or wind-up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding-up the Company's affairs, the Common Shares shall rank equally as to priority of distribution. Such distribution shall be made in equal amount per share on all the Common Shares outstanding without preference or distinction.

Options

Following Closing, the Company will have options outstanding to acquire an aggregate of 9,108,224 Common Shares at a price range of $6.00 to $30.00 per Common Share, subject to customary adjustments.

DESCRIPTION OF MATERIAL INDEBTEDNESS

First Lien Credit Facilities

MDA Opco, as borrower, a Canadian chartered bank affiliate of Scotia, as Administrative Agent ("**BNS**"), a Canadian chartered bank affiliate of BMO, as Syndication Agent, the Canadian chartered bank affiliates of Scotia and BMO, as Co-Lead Underwriters, and the lenders party thereto from time to time (the "**Lenders**"), entered into the First Lien Credit Agreement dated as of April 8, 2020, as amended by a First Amending Agreement dated as of June 17, 2020 (collectively, as amended, the "**Credit Agreement**") which provides for the following credit facilities (the "**First Lien Credit Facilities**"): (a) a revolving term credit facility in the aggregate amount of $80,000,000 (the "**RT Facility**"); and (b) a non-revolving term credit facility in the aggregate amount of $435,000,000 (the "**NRT Facility**").

The RT Facility may be drawn in Canadian dollars or U.S. dollars by way of one or more prime rate loans, base rate Canada loans, LIBOR loans, bankers' acceptances, and letters of credit. However, any extension of credit after the first $50,000,000 has been drawn down may only be extended by way of letters of credit. The NRT Facility was fully funded at closing on April 8, 2020 by way of prime rate loans that were immediately converted into bankers' acceptances.

The Company does not expect the planned discontinuation of U.S. dollar LIBOR to have a material impact on the Company's business. The Company expects to work with its lenders to amend its credit facilities prior to the date that has been set for U.S. dollar LIBOR discontinuation to incorporate a replacement to LIBOR consistent with other similar credit facilities in the market. In addition, the majority of the Company's indebtedness is denominated in Canadian dollars and therefore is not subject to LIBOR-based interest.

Interest Rates, Fees, Payments and Prepayments

Interest on loans is payable based upon the type of loan obtained at a specific rate plus an applicable margin that varies based on MDA Opco's total debt/EBITDA ratio ("**Total Debt/EBITDA Ratio**"). For prime rate loans and base rate Canada loans, the applicable margin ranges between 150-300 bps. For bankers' acceptances and LIBOR loans, the applicable margin ranges between of 250-400 bps.

MDA Opco has the ability to prepay all or any portion of the outstanding amounts under either the RT Facility or the NRT Facility at any time, upon notice and subject to certain conditions, without premium or penalty (other than applicable breakage costs, if applicable). Any prepayments under the RT Facility may be re-borrowed.

MDA Opco is obligated to make, *inter alia*, the following mandatory prepayments: (i) from any net proceeds of any insurance proceeds received from a full recourse obligor from a casualty event subject to an ability to reinvest in replacement assets within a year of receipt of such insurance proceeds; (ii) from any net proceeds received by a full recourse obligor from a permitted disposition of assets with such amount to be prepaid on the date such payment is received, unless the aggregate proceeds do not exceed $7,500,000 per fiscal year and no default exists at the time; (iii) 50% of any equity contribution made to cure a financial covenant; and (iv) following the end of each fiscal year, an amount equal to (x) 75% of Excess Cash Flow (as defined in the Credit Agreement) for such fiscal year if the Total Debt/EBITDA Ratio for the last fiscal quarter for such fiscal year is greater than 4.25:1 and (y) 50% of Excess Cash Flow for such fiscal year if the Total Debt/EBITDA Ratio for the last fiscal quarter for such fiscal year is greater than 3.50:1 but less than or equal to 4.25:1.

Covenants

The Credit Agreement contains customary negative covenants on MDA Opco and its subsidiaries (with agreed exceptions, baskets and exclusions) including, but not limited to, limitations on the incurrence of indebtedness, limitations on the granting of liens and security interests on, hypothecation, charging, pledging or otherwise encumbering their assets, limitations on the ability to make certain distributions, limitations on hedging obligations, limitations on making investments, limitations on fundamental changes (such as mergers, consolidations and amalgamations), limitations on asset sales, limitations on acquisitions, limitations on transactions with affiliates and limitations on changes to the conduct of core business. The distributions covenant prohibits most distributions (with certain limited exceptions) when the Total Debt/EBITDA Ratio is over 3.0:1.0.

The Credit Agreement also contains customary affirmative covenants on MDA Opco and its subsidiaries (with agreed exceptions, baskets and exclusions) including, but not limited to, prompt payment to the Lenders, delivery of financial and other information to the Lenders, notice to the Lenders upon the occurrence of certain material events, maintenance of existence, use of proceeds, conduct of the business, payment of taxes, compliance with laws (including environmental laws), covenants to provide certain collateral and guarantee requirements and further assurances.

The Credit Agreement also contains customary financial covenants on MDA Opco and its subsidiaries including financial covenants for fixed charge coverage, Total Debt/EBITDA Ratio and senior debt/EBITDA ratios. The fixed charge coverage ratio shall at all times be at least 1.25:1; the Total Debt/EBITDA Ratio must be at less than or equal to 5.75:1, but decreases each year after March 31, 2021 to a final ratio of less than or equal to 4.25:1 after March 31, 2024; and the senior debt/EBIDTA ratio must be at less than or equal to 4.50:1, but decreases each year after March 31, 2021 to a final ratio of less than or equal to 3.00:1 after March 31, 2024.

Events of Default

MDA Opco and its subsidiaries' obligations under the Credit Agreement may be accelerated and the lending commitments under such agreement may be terminated upon the occurrence and continuance of certain events of default. Such events of default include, but are not limited to, payment defaults, a change of control, breach of covenants, representations or warranties under the Credit Agreement or any other loan documents, bankruptcy or insolvency or like proceedings, and any material adverse change.

Security and Guarantees

The Credit Agreement is guaranteed by all subsidiaries of MDA Opco (other than certain excluded subsidiaries, including immaterial subsidiaries and non-wholly owned subsidiaries) and secured by first lien security agreements and hypothecs on all personal property of MDA Opco and its subsidiary guarantors, as well as a limited recourse guarantee and pledge of MDA Opco from the Company, each subject to customary exceptions for excluded assets. There is also an immoveable hypothec which hypothecates all of the immoveable property located at 21025 Trans-Canada Highway, Sainte-Anne-de-Bellevue, Quebec, Canada, H9X 3R2, with security being required over any other owned real estate with a fair market value in excess of $2,500,000.

Second Lien Notes

MDA Opco and Computershare Trust Company of Canada (the "**Trustee**") entered into a note indenture dated as of April 8, 2020, as amended by a First Supplemental Indenture dated as of June 17, 2020, which authorized the creation and issuance of $150,000,000 aggregate principal amount 10.00% Second Lien PIK Toggle Notes (the "**Second Lien Notes**" or "**Notes**") due on April 8, 2027 (collectively, as amended, the "**Note Indenture**"). If the PIK election is made, the Notes shall bear interest at 6% per annum in cash and 6% per annum paid-in-kind, payable in equal semi-annual payments, subject to certain terms and conditions of the Notes.

Payment and Redemption of Notes

MDA Opco, as issuer, is obligated to pay to each holder of the Notes (each, a "**Note Holder**") the principal of, premium, if any, and interest on the Notes when due and payable at maturity on April 8, 2027.

MDA Opco may optionally redeem all or part of the Notes at any time, subject to (i) if prior to the second anniversary of the issue date of the Notes, at a redemption price equal to greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date at the Canada Yield Price (each as defined under the Note Indenture), together with all accrued and unpaid interest on the Notes; (ii) if on or after the second anniversary of the issue date but prior to the third anniversary of the issue date of the Notes, at a redemption price equal to 105% of the principal amount of the Notes to be redeemed, together with all accrued and unpaid interest on the Notes; (iii) if on or after the third anniversary of the issue date but prior to the fourth anniversary of the issue date of the Notes, at a redemption price equal to 103% of the principal amount of the Notes to be redeemed, together with all accrued and unpaid interest on the Notes; (iv) if on or after the fourth anniversary of the issue date but prior to the fifth anniversary of the issue date of the Notes, at a redemption price equal to 101% of the principal amount of the Notes to be redeemed, together with all accrued and unpaid interest on the Notes; and (v) if on or after the fifth anniversary of the issue date of the Notes, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, together with all accrued and unpaid interest on the Notes.

Upon a change of control, each Note Holder has the option to require MDA Opco to repurchase all or any part of such Note Holder's Notes at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest on the Notes.

MDA Opco is required to redeem the notes upon (i) a disposition of assets in excess of $10,000,000, whereby MDA Opco must redeem all or part of the First Lien Credit Facilities (or if not, the Notes) outstanding at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date at the Canada Yield Price, together with all accrued and unpaid interest on the Notes; and (ii) on receipt of insurance proceeds as a result of a casualty event (subject to a right to repair or reinvest in replacement assets in 365 days), whereby MDA Opco must redeem all or part of the First Lien Credit Facilities (or if not, the Notes) outstanding in an amount equal to any net proceeds of such insurance proceeds received at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date at the Canada Yield Price, together with all accrued and unpaid interest on the Notes.

Covenants

The Note Indenture contains customary covenants that are substantially the same as those found in the Credit Agreement, subject to additional cushions and baskets in certain places. The distribution test in the Note Indenture allows distributions when the Total Debt/EBITDA Ratio is up to 3.5:1.0 (but not greater) as compared to 3.0:1.0 in the Credit Agreement.

The Note Indenture contains more flexible indebtedness covenants than the Credit Agreement. With respect to indebtedness, the Note Indenture allows certain baskets of indebtedness consistent with the First Lien Credit Facilities (with additional cushions where applicable) but also contains a general incurrence test that allows indebtedness where, on a *pro forma* basis, (i) the first lien debt/EBITDA ratio would not be greater than 4.00:1.00, (ii) the Total Debt/EBITDA Ratio would not be greater than 6.00:1.00, and (iii) no default or event of default shall have occurred and be continuing.

Events of Default

MDA Opco and its subsidiaries' obligations under the Note Indenture may be accelerated upon the occurrence and continuance of certain events of default. Such events of default include, but are not limited to, payment defaults on interest, principal or premium due with respect to the Notes, breach of covenants, representations or warranties under the Note Indenture or any other Note documents, or insolvency or like proceedings.

Security and Guarantees

The Note Indenture is guaranteed by the same guarantors as the First Lien Credit Facilities and secured by a second lien on the same collateral as the Credit Agreement.

Intercreditor Agreement

MDA Opco, certain of its subsidiaries, BNS, as administrative agent for the first lien creditors, and the Trustee, as trustee for the second lien creditors, entered into an intercreditor agreement dated as of April 8, 2020, as amended by a first amendment to intercreditor agreement dated as of June 17, 2020 (collectively, as amended, the "**Intercreditor Agreement**"), whereby, *inter alia*, the parties agreed to the following: (a) that the obligations and security under the Credit Agreement shall rank in priority to the obligations and security under the Note Indenture; (b) each of BNS and the Trustee will consent to each other's documents, whereby any security documents shall substantially mirror each other; (c) any enforcement action by the Trustee shall only be undertaken after a 180 day standstill period has expired, and BNS will have the exclusive right to pursue any enforcement action during the 180 day standstill period; (d) the Trustee shall not object to any DIP Financing (as defined in the Intercreditor Agreement) consented or provided for by BNS in any insolvency proceeding; (e) any proceeds resulting from an enforcement action shall be applied pursuant to the Intercreditor Agreement, regardless of order of registration or perfection; and (f) the second lienholders may have the option to purchase the senior credit obligations upon any acceleration of the senior credit obligations in certain circumstances.

Hedging Agreements

By way of Novation Agreement dated April 2, 2020, with effect from and including April 8, 2020, MDA Systems Holding Ltd. novated to the Purchaser (a predecessor to MDA Opco) all of its rights, liabilities duties and obligations under and in respect of a number of currency hedging transactions originally entered into by MDA Systems Holding Ltd. with Royal Bank of Canada pursuant to an ISDA 2002 Master Agreement and Schedule dated December 21, 2018. The effect of such novation was that Neptune Acquisition Inc. entered into new currency hedging transactions with Royal Bank of Canada having terms identical to the novated currency hedging transactions under an ISDA 2002 Master Agreement and Schedule entered into by Neptune Acquisition Inc. with Royal Bank of Canada on April 8, 2020.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's share capitalization as at December 31, 2020, and its *pro forma* capitalization as at December 31, 2020, after giving effect to the issuance by the Company of an aggregate of 30,590,500 Common Shares in February and March 2021, the repayment by the Company of $5,438,000 of outstanding indebtedness under the First Lien Credit Facilities on March 31, 2021, the Pre-Closing Reorganization, the Offering (assuming no exercise of the Over-Allotment Option) and the repayment of an estimated $340 million of outstanding indebtedness under the First Lien Credit Facilities using the net proceeds of the Offering. This table should be read in conjunction with the Company's audited annual financial statements and the related notes included elsewhere in this prospectus and with the information set forth under "Summary Financial Information", "Management's Discussion and Analysis", and "Use of Proceeds" and "Description of Share Capital — Pre-Closing Reorganization".

	as at December 31, 2020	Pro Forma as at December 31, 2020(1)
	(amounts in thousands of $)	
Cash and cash equivalents	78,600	137,800(2)
Debt		
Credit Facility	411,900	66,500
Notes	147,800	147,800
Total Debt	559,700	214,300
Shareholders' equity		
Share capital	480,400	885,000
Contributed surplus	4,900	4,900
Accumulated other comprehensive income (loss)	(10,600)	(10,600)
Retained Earning (deficit)	(13,500)	(13,500)
Total Equity	461,200	865,800
Total Capitalization	1,020,900	1,080,100

Note:

(1) After deducting expenses of the Offering estimated at approximately $26,000,000, inclusive of the Underwriters' Commissions.

(2) Includes $30.6 million of cash in connection with the issuance of 30,590,500 Common Shares in February and March 2021 as noted above.

OPTIONS TO PURCHASE SECURITIES

Options

The following table sets forth the aggregate number of options to purchase Common Shares expected to be outstanding upon the Closing after giving effect to the Pre-Closing Reorganization (including the Share Consolidation).

Holder of Options	Number of Optionees	Common Shares Underlying Options	Exercise Price Range ($)	Exercise Price per Option ($)[1]	Expiry Date Range
Current and Former Executive Officers of the Company	7	5,484,619	$6.00 – $30.00	$11.97	October 2030 – February 2031
Other Current and Former Employees	27	3,623,605	$6.00 – $26.88	$10.15	November 2030 – March 2021
Total	34	9,108,224	$6.00 – $30.00	$11.24	

Note:

(1) Represents the weighted average exercise price of all outstanding options, whether vested or unvested.

See "Executive Compensation — Components of Compensation — Long-Term Incentive Plans — Legacy Stock Option Plan" for additional information concerning the Legacy Stock Option Plan.

PRIOR SALES

The following table summarizes details of the Common Shares or securities convertible or exercisable into Common Shares issued by the Company during the 12-month period prior to the date of this prospectus.

		As at the date hereof		Immediately Following the Share Consolidation	
Date of Issuance	**Security**	**Issue / Exercise Price Per Security ($)**	**Number of Securities**	**Issue / Exercise Price Per Security ($)**	**Number of Securities**
June 17, 2020	Common Shares	$1.00	483,720,000	$ 6.00	80,620,000
June 30, 2020	Common Shares	$1.00	80,069	$ 6.00	13,344
July 2, 2020	Common Shares	$1.00	200,000	$ 6.00	33,333
July 4, 2020	Common Shares	$1.00	250,000	$ 6.00	41,666
September 30, 2020(1)	Common Shares	$1.00	81,964	$ 6.00	13,660
October 30 – November 17, 2020(2)	Options	$1.00	19,022,289	$ 6.00	3,170,381
October 30 – November 17, 2020(3)	Options	$1.60	19,022,289	$ 9.60	3,170,381
October 30 – November 17, 2020(4)	Options	$2.56	9,511,145	$15.36	1,585,190
December 31, 2020(1)	Common Shares	$1.00	83,915	$ 6.00	13,985
January 22 – January 25, 2021	Options	$2.33	1,619,324	$14.00	269,883
January 22 – January 25, 2021	Options	$2.56	725,580	$15.36	120,930
February 17, 2021(5)	Common Shares	$1.00	30,000,000	$ 6.00	5,000,000
March 6, 2021	Options	$2.33	3,755,365	$14.00	625,894
March 6, 2021	Options	$5.00	3,000,000	$30.00	500,000
March 19, 2021(6)	Common Shares	$1.00	590,500	$ 6.00	98,416
March 22, 2021	Options	$2.33	1,127,558	$14.00	187,923
March 22, 2021	Options	$2.56	362,790	$15.36	60,464
March 22, 2021	Options	$2.80	423,255	$16.80	70,542
March 22, 2021	Options	$4.48	211,628	$26.88	35,271

Notes:

(1) Common Shares issued to certain directors of the Company pursuant to an election by such directors in April 2020 to receive a portion of their compensation as directors of the Company in Common Shares.

(2) Options issued pursuant to awards granted by the Company from June to August 2020 under the Legacy Stock Option Plan. 1,652,710 of these Options were issued to employees whose employment with the Company was subsequently terminated, following which such Options were cancelled.

(3) Options issued pursuant to awards granted by the Company from June to August 2020 under the Legacy Stock Option Plan. 1,652,710 of these Options were issued to employees whose employment with the Company was subsequently terminated, following which such Options were cancelled.

(4) Options issued pursuant to awards granted by the Company from June to August 2020 under the Legacy Stock Option Plan. 826,354 of these Options were issued to employees whose employment with the Company was subsequently terminated, following which such Options were cancelled.

(5) Common Shares issued to the Partnership pursuant to agreements dated December 2019 in connection with the Acquisition.

(6) Common Shares issued to certain employees of the Company pursuant to offers by the Company from June to August 2020.

Prior to the Closing, the Company will issue an aggregate of 3,274,488 Common Shares (545,748 Common Shares adjusted for the Share Consolidation) to an Employee Trust, the beneficiaries of which will be certain current executive officers and employees of the Company, in consideration for past and ongoing services to the Company by such executive officers and employees and in some cases in furtherance of agreements made by the Company in its offers of employment to such executive officers and employees. The Common Shares to be held in such Employee Trust will be subject to certain vesting conditions and forfeiture in accordance with the terms thereof. See "Executive Compensation — Components of Compensation — Employee Trust". The Company also will implement the Pre-Closing Reorganization (including the Share Consolidation) prior to the Closing. See "*Description of Share Capital — Pre-Closing Reorganization*".

PRINCIPAL SHAREHOLDERS

As of the date of this prospectus, the Partnership owns and controls 513,720,000 Common Shares, representing 99.1% of the outstanding Common Shares. The Partnership is controlled by the General Partner. NPC, a corporation controlled by John Risley and Andrew Lapham, has the right to appoint a majority of the board of directors of the General Partner.

Pursuant to the Pre-Closing Reorganization, the Partnership will transfer 513,720,000 Common Shares (being all of the Common Shares owned by the Partnership) to Newco, a corporation to be incorporated under the laws of the Province of Ontario, in exchange for common shares in the capital of Newco. Immediately following such transfer, the Partnership will own all of the Newco Shares and Newco will own 513,720,000 Common Shares. The Partnership will then be dissolved and the Limited Partners of the Partnership will, as result of the distribution of the Partnership's property and assets (which includes all of the outstanding Newco Shares) upon such dissolution, become the direct shareholders of Newco. Following such dissolution, Newco and the Company will be amalgamated pursuant to the OBCA under the name "MDA Ltd.", such that the Limited Partners (and the existing shareholders of the Company (other than the Partnership)) will be the direct shareholders of the Company prior to the Closing.

The following table sets out certain information with respect to shareholders who, immediately following the Closing, will, to our knowledge, own, control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to the Common Shares.

Name of Shareholder(1),(2)	Number of Common Shares Owned, Controlled or Directed Immediately Following the Offering	Percentage of Outstanding Common Shares Immediately Following the Offering
EdgePoint Investment Group Inc(3)	12,500,000	10.9%

Notes:

(1) To the knowledge of the Company, none of these Common Shares are or will be following the Closing subject to any voting trust or similar agreement.

(2) The information set forth in the table assumes that the Over-Allotment Option is not exercised, in whole or in part, and that the shareholders listed above do not acquire Offered Shares pursuant to the Offering.

(3) EdgePoint Investment Group Inc., as portfolio manager, controls and exercises the voting rights with respect to the Common Shares outlined above in respect of certain mutual funds.

DIRECTORS AND EXECUTIVE OFFICERS

The Board consists of eleven directors. All directors will be elected by shareholders at each annual meeting of the Company's shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. The nominees for election by shareholders as directors will be determined by the Board in accordance with the provisions of applicable corporate law and the charter of the Board.

The following are the names and municipalities of residence of the Company's directors and executive officers, their positions and offices with the Company and corresponding start dates, and their principal occupations during the last five years:

Name, Province or State and Country of Residence[1]	Office held with MDA	Director and/or Executive Officer since	Present principal occupation and positions held[2]
Andrew Lapham[3] Ontario, Canada	Director	June 2, 2020	Chief Executive Officer of NPC
Anthony Pagano[4],[11] Ontario, Canada	Director	March 18, 2021	Chief Financial Officer of Terrapure Environmental Ltd.
Brendan Paddick[11] Freeport, Bahamas	Director	March 18, 2021	Chief Executive Officer, Columbus Capital Corporation
Darren Farber[12] Maryland, USA	Director	March 18, 2021	Founder and Managing Partner of Albion River LLC
Richard Florizone[5] Ontario, Canada	Director	March 18, 2021	President and Chief Executive Officer, International Institute for Sustainable Development
Jim Balsillie Ontario, Canada	Director	March 18, 2021	Self-Employed
John Risley[6] Nova Scotia, Canada	Director	March 18, 2021	Chief Executive Officer of CFFI Ventures Inc.
Jill Smith[7][12] Massachusetts, USA	Director	March 18, 2021	Corporate Director
James Stavridis[8] Florida, USA	Director	March 18, 2021	Operating Executive of The Carlyle Group
Michael Greenley[9] Ontario, Canada	Chief Executive Officer and Director	March 18, 2021	Chief Executive Officer and Director of the Company
Yaprak Baltacioglu[10],[11],[12] Ontario, Canada	Director	March 18, 2021	Professor at University of Toronto Munk School of Global Affairs and Public Policy and Strategic Advisor at Compass Rose Group
Vito Culmone[13] Alberta, Canada	Chief Financial Officer	March 6, 2021	Chief Financial Officer of the Company
Amer Khouri[14] Quebec, Canada	Vice President, Satellite Systems	January 25, 2021	Vice President, Satellite Systems of the

Name, Province or State and Country of Residence[(1)]	Office held with MDA	Director and/or Executive Officer since	Present principal occupation and positions held[(2)]
			Company
Minda Suchan[(15)] British Columbia, Canada	Vice President, Geointelligence	November 9, 2020	Vice President, Geointelligence of the Company
Tim Kopra[(16)] Texas, USA	Vice President, Robotics & Space Operations	June 1, 2020	Vice President, Robotics & Space Operations of the Company
Martin Herman[(17)] Ontario, Canada	Vice President, Legal & General Counsel	July 6, 2020	Vice President, Legal & General Counsel of the Company

Notes:

(1) The Board has determined that Michael Greenley, the Chief Executive Officer of the Company, and Andrew Lapham are not considered independent.

(2) Each of the persons has held these positions for five years other than as described below.

(3) Prior to becoming the Chief Executive Officer of NPC in April 2018, Andrew Lapham was Chairman of Blackstone Canada from May 2014 to May 2018.

(4) Prior to becoming the Chief Financial Officer of Terrapure Environmental Ltd. in September 2020, Anthony Pagano was President, Burger King, Asia Pacific from September 2016 to February 2019 and Head of Finance and Retail of Tim Hortons from March 2019 to January 2020. Mr. Pagano will no longer be the Chief Financial Officer of Terrapure Environmental Ltd. effective April 1, 2021.

(5) Prior to becoming President and Chief Executive Officer of the International Institute for Sustainable Development, Richard Florizone was a Director at Quantum Valley Ideas Lab from January 2019 to June 2019 and President of Dalhousie University from June 2013 to January 2019.

(6) Chair of the Board.

(7) Jill Smith was the Chair, Chief Executive Officer and President of DigitalGlobe, Inc. from November 2005 to April 2011, and President and Chief Executive Officer of Allied Minds Inc. from May 2017 to April 2019.

(8) Prior to becoming Operating Executive of The Carlyle Group in June 2018, James Stavridis was Dean of The Fletcher School of Law and Diplomacy, Tufts University from July 2013 to August 2018.

(9) Prior to becoming Group President of the business of the Company in January 2018, Michael Greenley was President of L3 Harris from September 2016 to January 2018 and Vice President General Manager of CAE Canada from September 2013 to September 2016.

(10) Prior to becoming a Professor at the University of Toronto Munk School of Global Affairs and Public Policy in May 2018 and Strategic Advisor at Compass Rose Group in November 2019, Yaprak Baltacioglu was Secretary of the Treasury Board, Government of Canada from October 2012 to April 2018.

(11) Member of the Audit Committee.

(12) Member of the Compensation and Governance Committee.

(13) Prior to becoming the Chief Financial Officer of the Company, Vito Culmone was the Executive Vice President and Chief Financial Officer of Element Fleet Management.

(14) Prior to becoming the Vice President, Satellite Systems of the Company, Amer Khouri was the Vice President, Commercial Satellites of Northrop Grumman.

(15) Prior to becoming the Vice President, Geointelligence of the Company, Minda Suchan was the managing director at Riverside Research.

(16) Prior to becoming the Vice President, Robotics & Space Operations of the Company, Tim Kopra was a partner (and is a currently an advisor) of Blue Bear Capital from January 2017 to December 2010, and an Astronaut for the National Aeronautics and Space Administration from August 2000 to September 2018.

(17) Prior to becoming the Vice President, Legal & General Counsel of the Company, Martin Herman was the General Counsel & Head of Contracts of De Havilland Aircraft of Canada Limited from June 2019 to July 2020, and held various positions of increasing responsibility within the Legal Services teams of Bombardier Inc. from May 2007 to June 2019.

Directors

Andrew Lapham

Mr. Lapham has more than 20 years of principal investing experience in both public and private markets. He is Chief Executive Officer of Northern Private Capital. Previously, Mr. Lapham served as Executive

Advisor to The Blackstone Group in Canada, where his focus was sourcing and evaluating large investment opportunities. Mr. Lapham was also Principal at Onex Corporation, where he led their energy investing practice and was involved with multiple transactions across other industries, in particular hospitality and manufacturing. Prior to his time with Onex, Mr. Lapham worked at Odyssey Partners, a mid-market private equity firm in New York, and was a hedge fund portfolio manager at John A. Levin & Co., a multi-strategy asset management firm. Mr. Lapham received his Bachelor's degree from Princeton University.

Anthony Pagano

Mr. Pagano is, until April 1, 2021, Chief Financial Officer of Terrapure Environmental, a Canadian provider of innovative, cost effective environmental service and recycling solutions. Prior to this, Mr. Pagano spent 5 years at Restaurant Brands International where he served in a variety of senior positions including President, Burger King, Asia Pacific and acting as the Head of Finance and Retail for the Tim Hortons brand. Mr. Pagano also served as Senior Director for Business Development at Dollarama, and spent nearly four years at RBC Capital Markets, where he was last a Mergers & Acquisitions Associate. Mr. Pagano holds a Bachelor of Engineering in Mechanical Engineering and is a Chartered Financial Analyst.

Brendan Paddick

Mr. Paddick is currently the CEO of Columbus Capital Corporation and the Founder and former CEO of Columbus Communications Inc. Mr. Paddick is also the Chair of the Board of Directors of Nalcor Energy and Churchill Falls (Labrador) Corporation and is a director and member of the audit committee of Liberty Latin America (Nasdaq: LILA), a leading telecommunications company with operations in over 40 countries across Latin America and the Caribbean. Mr. Paddick holds Bachelor of Commerce and MBA degrees from Memorial University of Newfoundland (Alumnus of the Year in 2013) and graduated from the Advanced Management Program at Harvard University. He has been recognized through a variety of awards, including Canada's Top 40 under 40 in 2000, induction into the Junior Achievement Newfoundland and Labrador Business Hall of Fame in 2018, and EY Canada's Special Citation Award for Master Entrepreneur in 2019 for his career body of work. Mr. Paddick also holds his ICD.D designation from the Rotman School of Management/Institute of Corporate Directors.

Darren Farber

Mr. Farber currently serves on a number of different boards and is the Founder of Albion River, a private direct investment firm that focuses on Aerospace, Defense, and Government related businesses. Previously, Mr. Farber was Co-Founder of NAWAH LLC, a Pritzker Organization enterprise focused on project finance in the Middle East and Southwest Asia. Mr. Farber was formerly a special advisor to the Deputy Under Secretary of Defense — Business Transformation and a member of the U.S. Department of Defense Task Force for Business and Stability Operations where he received the Secretary of Defense Medal for Outstanding Public Service. Mr. Farber began his career in product engineering at Nortel Networks and Celestica.

Richard Florizone

Dr. Florizone is President and CEO of the International Institute for Sustainable Development (IISD), and President Emeritus of Dalhousie University. He has held leadership and advisory roles with the International Finance Corporation (IFC), the University of Saskatchewan, Bombardier Aerospace, and the Boston Consulting Group. Dr. Florizone holds a PhD in Physics from MIT, an M.Sc. and a B.Sc. from the University of Saskatchewan. He has earned the chartered director (C. Dir.) designation from Canada's Directors' College and in 2015 was named a Fellow of the Canadian Academy of Engineering.

Jim Balsillie

Mr. Balsillie is a Canadian businessman and philanthropist, currently running his private investment office and family foundation. He is the retired Chairman and co-CEO of Research In Motion (BlackBerry), a technology company he scaled from an idea to $20 billion in sales globally. He is the co-founder of the Institute for New Economic Thinking in New York, the Council of Canadian Innovators based in Toronto, the Centre for International Governance Innovation in Waterloo, the Centre for Digital Rights and the CIO Strategy Council in Ottawa. Mr. Balsillie currently chairs the boards of Magnet Forensics, CCI, CIGI, and co-Chairs

CIOSC. He is also the founder of the Balsillie School of International Affairs and the Arctic Research Foundation, a board member of the Citadele Bank and the Carnegie Endowment for International Peace, the Advisory Board of the Stockholm Resilience Centre, an Honorary Captain of the Royal Canadian Navy and an Advisor to Canada School of Public Service. He was the private sector representative on the UN Secretary General's High Panel for Sustainability. He holds an MBA from Harvard University, a BComm from the University of Toronto and an FCPA.

John Risley

Mr. Risley was the co-founder of Clearwater Seafoods and serves as Chairman and President of CFFI Ventures Inc., an active investment and holding company with its major investments in renewable energy, financial services ventures and NPC, an investment fund formed by CFFI Ventures and Andrew Lapham. Mr. Risley has been recognized with a number of awards, including Atlantic Canadian Entrepreneur of the Year and a Canada Award for Business Excellence in Entrepreneurship. He was named an Officer of the Order of Canada and was inducted into the Nova Scotia Junior Achievement Business Hall of Fame in 1997. Mr. Risley is a graduate of Harvard University's President's Program on Leadership.

Jill Smith

Ms. Smith brings more than 25 years of experience as an international business leader, including 17 years as chief executive officer of private and public companies in the technology and information services markets. She served as Chairman, Chief Executive Officer and President of DigitalGlobe Inc., a global provider of satellite imagery products and services, and President and Chief Executive Officer of Allied Minds plc, an intellectual property commercialization company, eDial, a VoIP collaboration company, and SRDS, a business-to-business publishing firm. Ms. Smith started her career as a consultant at Bain & Company, where she rose to become Partner. She currently serves as Non-Executive Director of R1 RCM and Circor International. Ms. Smith earned an MSc Management from MIT Sloan School of Management.

Admiral James Stavridis

Admiral Stavridis is an Operating Executive with The Carlyle Group, where he provides geopolitical context regarding potential global investments, works with officers of the firm on international issues, and provides specific advice on individual financial deals in cybersecurity, aerospace, maritime, transportation, and other key sectors. He also serves as the Chair of the Board of Counselors at McLarty Associates, an international consulting firm. Admiral Stavridis attended the U.S. Naval Academy at Annapolis and spent 37 years in the Navy, rising to the rank of 4-star Admiral, where he worked directly for the Secretary of Defense in the conduct of military operations and security cooperation in nearly a hundred countries as the longest serving combatant commander in recent U.S. history. He served as the 16th Supreme Allied Commander at NATO, Commander U.S European Command, and U.S. Southern Command. He is the recipient of 50 medals, 28 from non-U.S. nations. Admiral Stavridis has published ten books and hundreds of articles in leading journals, and has particularly deep expertise in maritime affairs, space operations, cyber security, international law, and the operation of unmanned vehicles. After leaving the military, he served for five years as the Dean of The Fletcher School of Law and Diplomacy at Tufts University. Admiral Stavridis earned a PhD from The Fletcher School at Tufts in international law.

Michael Greenley

Mr. Greenley is the Chief Executive Officer of the Company. Prior to joining MDA, Mr. Greenley was Sector President of L-3 WESCAM, a provider of systems for defence, homeland security and law enforcement. From 2013 to 2016, he served as Vice President and General Manager of CAE Canada, supporting defence and security markets. From 2008 to 2013 he served first as Vice President, Strategy and Business Development for General Dynamics (GD) Canada, then as Vice President, International for GD Mission Systems. From 2004 to 2008, he was Vice President of the modeling and simulation business at CAE. Mr. Greenley has 30 years of experience in the defence and security business, with broad experience serving the Land, Air, Maritime, Joint, and Public Safety sectors. Mr. Greenley recently served as the Vice-Chair of the Government of Canada's Economic Strategy Table for Advanced Manufacturing. He served as a Board Member of the Aerospace Industries Association of Canada (AIAC) and the Ontario Aerospace Council. He was previously

Chairman of the Advisory Board for Defence and Security Export to the Department of Foreign Affairs and International Trade (DFAIT) in Canada, and was a member of the Industry Advisory Boards to Department of National Defence, Defence R&D Canada, Public Services and Procurement Canada, and the CEO of the Export Development Canada (EDC). Mr. Greenley also has served on a number of non-profit boards including 6 years as the Chair of the Board of the Canadian Association of Defence and Security Industries (CADSI), and Chair of the Board for the Elmwood School for Girls. Mr. Greenley has been recognized for his business and community leadership as an Ottawa Top 40 under 40 business leader, a PROFIT 100 CEO for leading one of Canada's fastest growing companies for three years running, and as a recipient of the Queen Elizabeth II Diamond Jubilee Medal for service to peers and country in the defence sector.

Yaprak Baltacioglu

Ms. Baltacioglu has had a distinguished public service career that spans more than 25 years within the federal government. She has directly impacted the direction of government affairs through shaping policy, directing programs and overseeing operations. Ms. Baltacioglu was the Secretary of the Treasury Board from 2012 and 2018, and under her direction, the Treasury Board of Canada Secretariat was recognized as one of Canada's Top 100 Employers. She has also been Deputy Minister of Transport, Infrastructure and Communities and Agriculture and Agri-Food. Ms. Baltacioglu holds a Bachelor of Law from Istanbul University, an ICD.D Designation from the Rotman School of Management at the University of Toronto, as well as a Master of Arts from the Carleton University School of Public Administration. In 2015, she received the Bissett Alumni Award for Distinctive Contributions to the Public Sector from Carleton University and in 2021, she was made a member of the Order of Canada.

Executive Officers

Vito Culmone, Chief Financial Officer

Mr. Culmone brings 33 years of financial and operations expertise, serving as a chief financial officer for the last 14 years in large publicly-traded Canadian companies in a diverse range of sectors. He has demonstrated exceptional strategic thinking and a focus on building sustainable shareholder value. Through it all, Mr. Culmone has earned a reputation with investors and the broader capital markets community as a strong, proven leader, with abundant energy and passion for growing businesses. Most recently, Mr. Culmone served as the Executive Vice President and Chief Financial Officer to Element Fleet Management, the largest pure-play commercial vehicle fleet manager in the world, where he led the successful transformation of the company. He led all financial, audit and accounting aspects of the business, including financial reporting, planning/analysis, tax and credit functions. Prior to joining Element Fleet, Mr. Culmone served as Chief Financial Officer at Shaw Communications, one of the country's largest cable and communications enterprises and before that was the Chief Financial Officer at WestJet Airlines, one of Canada's largest air carriers. Between 1995-2001, he held increasingly senior positions at Molson Coors Brewing, including overseeing commercial finance as well as finance and strategy for the U.S. Mr. Culmone began his career in 1987 at Price Waterhouse, where he also completed his designation as a Chartered Accountant. He graduated from the University of Toronto in 1987 with a Bachelor of Commerce degree.

Amer Khouri, Vice President, Satellite Systems

Mr. Khouri has an extensive 31-year career in business leadership, corporate and business development, strategy, product management and marketing in high technology industries including Telecommunications, Satellites and Aerospace. He has held senior positions at major global corporations spanning manufacturing to services and has led the organizations' focus on change management and long term strategic development. Mr. Khouri is a proven leader with a strong track record building and transforming global organizations, developing and implementing winning growth strategies, and executing and integrating acquisitions and business ventures. Mr. Khouri joined MDA from Northrop Grumman (and Orbital ATK) where he has worked since 2007. He most recently served as the Vice President, Commercial Satellites and managed P&L, program execution, operations, new business development and in-orbit support for all commercial communication satellites globally. Prior to joining Orbital ATK, Mr. Khouri was the Vice President of Corporate Development and Chief Marketing Officer for Decision Strategies International (DSI), a management consulting firm, where he helped several clients develop strategies for managing innovation, risk and uncertainty, and emerging technologies. From 2000 to 2006, Mr. Khouri was at Intelsat, the world's largest fixed satellite services company where he held several senior positions culminating as Senior Vice President, Strategy, Business Development & Global Marketing. During that period, Mr. Khouri was instrumental in shaping Intelsat's strategy and led the company's worldwide corporate development, marketing and public relations activities. In his early career, Mr. Khouri worked in various engineering and product management roles for Mitsubishi Electric America, PanAmSat and GTE Spacenet. Mr. Khouri holds a Bachelors and Masters of Electrical Engineering from the Catholic University of America in Washington, DC as well as an Executive Masters of Science in Management from the University of Maryland global campus.

Dr. Minda Suchan, Vice President, Geointelligence

Dr. Suchan has an extensive leadership background in the U.S. defence and intelligence community with 25 years of experience in business execution and operations, strategy and business development, acquisition integration, engineering management, and technology portfolio investments, while leveraging innovative technologies such as artificial intelligence. Most recently, Dr. Suchan was the managing director at Riverside Research, where she led a team advancing critical capabilities in the U.S. Intelligence Community. Prior to Riverside Research, she was the Vice President of Technology, Strategy & Business Development for Harris Electronic Systems segment and the executive business director for Harris Geospatial Government Systems. In other prior roles, Dr. Suchan had been responsible for capturing new business opportunities in the area of Intelligence, Surveillance and Reconnaissance (ISR) and served as the deputy director for Center for Innovation, Technology and Development where she coordinated a multifunctional team involving advocacy, planning and analysis, strategic operations, corporate strategy, investment innovation development and marketing communications. Prior to joining the Harris Corporation, Dr. Suchan held a number of roles with the Raytheon Company, beginning as a senior physics engineer specializing in novel electro-optical sensors, serving as National Reconnaissance Office (NRO) Technology Fellow at various government sites, and then held progressively senior positions in business development and strategy in the area of radar, EO/IR and emerging intelligence solutions, culminating as the National Reconnaissance Office account manager with Raytheon Corporate U.S. business development. Dr. Suchan is a long-time advocate for women in technology, and has a number of professional affiliations, including her prior work with the Raytheon El Segundo Women's Network, serving as a co-chair for the Women in Aerospace Conference, a member of Women in Technology and Women in Defense, as a well as being on the board of trustees for St. Catherine University, focused on advanced education for women. Dr. Suchan earned a B. A. Degree from the College of St. Catherine in St. Paul, MN, followed by a Ph.D. at the University of Southern California, Los Angeles, CA.

Tim Kopra, Vice President, Robotics & Space Operations

Mr. Kopra served in the U.S. Army from 1985 to 2010 as an Army Aviator, attaining the rank of Colonel. His extensive and varied military service includes deployments in aviation operations during Operation Desert Shield and Operation Desert Storm within Saudi Arabia, Kuwait, and Iraq, as well as in Germany where he led an attack helicopter company. He also served as an experimental test pilot on various projects and as the developmental test director for the Comanche helicopter program. In 1998, he was assigned to NASA's Johnson Space Center in Houston as a vehicle integration test engineer. Selected as an astronaut in 2000, he served in multiple technical and leadership assignments relating to ISS hardware and aviation safety. As part of his preparation for a long-duration space mission, he trained in the U.S., Russia, Japan, Germany and Canada on ISS hardware and systems, ISS assembly and scientific experiments. He flew on two spaceflights, serving as Space Shuttle Mission Specialist on STS-127/128 and ISS Expedition 20 Flight Engineer from July-September 2009, and later as ISS Expedition 46 Flight Engineer, Expedition 47 Commander, and Soyuz 19M Spacecraft co-pilot from December 2015-June 2016. Logging a total of 244 days in space, he executed assembly tasks using Canadarm2 and clocked 13 hours and 31 minutes on three spacewalks. He also served on the National Oceanic and Atmospheric Administration's (NOAA) Aquarius underwater laboratory as part of NASA Extreme Environment Mission Operations (NEEMO) 11, testing space suit design concepts, communication protocols, construction techniques, and the use of robotic devices. He formally retired from NASA in October 2018. From January 2017 to December 2019, Mr. Kopra was a partner and is currently an advisor at Blue Bear Capital, a private equity firm that invests in high-growth technology companies and start-ups across the energy, infrastructure and climate industries. He also served in advisory roles in other private equity and venture capital firms. Mr. Kopra earned a Bachelor of Science degree from the U.S. Military Academy at West Point (1985), a Master of Science in Aerospace Engineering from Georgia Institute of

Technology (1995), graduated from the U.S. Navy Test Pilot School (1996), received a Master of Strategic Studies from U.S. Army War College (2006), and Master of Business Administration degrees from Columbia Business School and London Business School (2013).

Martin Herman, Vice President, Legal & General Counsel

Mr. Herman is an expert in aviation and aerospace law, with experience in aircraft sales, financing and leasing; national and international regulatory matters; international trade; supply chain procurement; accident investigation and litigation; secured financing; bankruptcy and insolvency; and general corporate and commercial law. Mr. Herman most recently served as General Counsel & Head of Contracts from June 2019 to July 2020 at De Havilland Aircraft of Canada Limited. From May 2007 to June 2019, Mr. Herman held various positions of increasing responsibility within the Legal Services teams of Bombardier Inc., culminating in the promotion to Vice President and Head of Legal Services, Bombardier Commercial Aircraft, in July 2018. Mr. Herman received an Honours Bachelor of Arts degree in Political Science from McGill University in 1994 and an LL.B. from Osgoode Hall Law School in 1997. He was admitted to the Ontario Bar in 1999.

Other Reporting Issuer Experience

The following table sets out the current and/or proposed directors of the Company that are or were directors of other reporting issuers (or the equivalent) in Canada or a foreign jurisdiction during the last five years:

Director	Name of Reporting Issuer
Michael Greenley	Maxar
Brendan Paddick	Clearwater Seafoods Incorporated
	Liberty Latin America Ltd.
	Cable & Wireless Communications plc
	Columbus International Inc.
Andrew Lapham	Loop Industries Inc.
Jill Smith	Allied Minds plc
	Endo International plc
	Gemalto NV
	Hexagon AB
	R1 RCM Inc.
	CIRCOR International, Inc.
John Risley	GFL Environmental Inc.
	Clearwater Seafoods Incorporated

Security Holding

Immediately after the Closing, the directors and executive officers of the Company, as a group, will beneficially own, directly or indirectly, or exercise control or direction over 27,120,316 Common Shares, representing approximately 23.59% of the Common Shares outstanding.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, except as set forth below: (a) no director or executive officer of the Company (or a personal holding company of such person) is, as at the date of this prospectus or was within the last 10 years, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued: (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; (b) no director or executive officer of the Company, or no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, (i) is, as at the date of this prospectus or has been within the last 10 years, a director, trustee or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has in the last 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets; (iii) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (iv) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On July 13, 2018, two holding companies (directly or indirectly) controlled by John Risley, entered into a settlement agreement with the United States Securities and Exchange Commission with respect to a failure to timely file a report under the reporting provisions of Section 13(d) of the Securities Exchange Act of 1934. The settlement agreement included a cease and desist order and a fine of $92,383 for each entity.

Majority Voting Policy

Following Closing, the Company will adopt a majority voting policy. Pursuant to the policy, shareholders will vote for the election of individual directors at each annual meeting of shareholders, rather than for a fixed slate of directors. Further, in an uncontested election of directors at an applicable meeting of shareholders, the votes cast in favour of the election of a director nominee will be required to represent a majority of the Common Shares voted and withheld for the election of the director. If that is not the case, that director must tender his or her resignation to the Chair. The Compensation and Governance Committee will promptly consider such tendered resignation and recommend to the Board the action to be taken with respect to such tendered resignation, and the Board shall accept the resignation absent exceptional circumstances and it must promptly disclose its decision via press release.

Conflicts of Interest

The OBCA requires, among other things, that the directors and executive officers of the Company act honestly and in good faith with a view to the best interest of the Company, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Company and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the OBCA as administered by the Compensation and Governance Committee. See also "Corporate Governance" in this prospectus.

Indemnification and Insurance

The Company has indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide for the advancement of sufficient funds by the Company to pay or reimburse the indemnitee for any reasonably incurred liabilities, including defense expenses.

In addition, the Company's directors and officers are covered under its existing directors' and officers' liability insurance. Under this insurance coverage, the Company will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of the Company's directors and officers, subject to a deductible for each loss, which will be paid by the Company. The Company's individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by the Company. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

EXECUTIVE COMPENSATION

Introduction

The following discussion describes the significant elements of the compensation program for the named executive officers ("**NEOs**") of the Company. The discussion below also reflects certain contemplated changes to the Company's compensation program that would be implemented in connection with, and contingent upon, the completion of the Offering. The anticipated NEOs for Fiscal 2021 are:

- Michael Greenley, Chief Executive Officer and Director
- Vito Culmone, Chief Financial Officer
- Amer Khouri, Vice President, Satellite Systems
- Tim Kopra, Vice President, Robotics & Space Operations
- Minda Suchan, Vice President, Geointelligence

Compensation Discussion and Analysis

Overview

MDA operates in a dynamic and rapidly evolving market. To succeed in this environment and achieve its business and financial objectives, the Company needs to attract, retain and motivate a highly talented executive team and employees. The Company intends to design its executive officer compensation program to achieve the following objectives:

- provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to its success;
- motivate its executive team to achieve its business and financial objectives;
- align the interests of its executive officers with those of its shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of its business; and
- provide incentives that encourage appropriate levels of risk-taking by its executive team.

The compensation program is designed to retain, motivate and reward the Company's executive officers for their performance and contribution to the Company's short- and long-term success. The Company offers its executive officers cash compensation in the form of base salary and an annual bonus, and equity-based compensation which has historically been awarded in the form of stock options under the Legacy Stock Option Plan. Prior to the Closing, the Company intends to amend and restate its Legacy Stock Option Plan to become an omnibus equity incentive plan (the "**Omnibus Plan**") pursuant to which the Company may grant long-term incentives consisting of stock options, performance share units (“**PSUs**”) and/or restricted share units (“**RSUs**”) to its executive officers and employees. The Company believes that equity-based compensation awards motivate its executive officers to achieve its business and financial objectives, and also aligns their interests with the long-term interests of the Company’s shareholders.

As the Company transitions from being a privately-held company to a publicly-traded company, it will continue to evaluate its philosophy and compensation program as appropriate and plans to continue to review compensation on an annual basis. As part of this review process, the Company expects to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as market competitiveness.

Compensation-Setting Process

The Compensation and Governance Committee will be responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing the Company’s human capital and compensation policies, processes and practices. The Compensation and Governance Committee will also be responsible for ensuring that the Company’s compensation policies and practices provide an appropriate balance of risk and reward consistent with its risk profile.

The Board has adopted a written charter for the Compensation and Governance Committee, which sets out its responsibilities for administering the Company’s compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Company’s directors and executive officers. The Compensation and Governance Committee’s oversight will include reviewing objectives, evaluating performance and ensuring that total compensation paid to the Company’s executive officers, personnel who report directly to the Company’s Chief Executive Officer and various other key officers and managers is competitive and appropriate, and consistent with the objectives and philosophy of the Company’s compensation program. See also “Corporate Governance — Committees of the Board — Compensation and Governance Committee”.

It is anticipated that the Company’s Chief Executive Officer will make recommendations to the Compensation and Governance Committee each year with respect to the compensation for the other NEOs.

Following Closing, the Company anticipates establishing a peer group to assist it in reviewing the competitiveness of its compensation program.

The committee may engage an independent compensation consultant to provide input on the Company’s executive compensation program against market practice and the peer group.

Risk and Executive Compensation

In reviewing the Company’s compensation policies and practices each year, the Compensation and Governance Committee will seek to ensure the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of the Company. The Compensation and Governance Committee will also seek to ensure the Company’s compensation practices do not encourage excessive risk-taking behaviour by the executive team.

Share Ownership Guidelines

Following Closing, the Board will consider the adoption of share ownership guidelines.

Trading Restrictions

All of the Company’s executive officers, including the NEOs, directors and employees will be subject to its insider trading policy, which will prohibit trading in the Company’s securities while in possession of material undisclosed information about the Company. Under this policy, such individuals will also be prohibited from entering into certain types of hedging transactions involving the securities of the Company, such as short sales, puts and calls. Furthermore, the Company will permit its executive officers, including the NEOs, to trade in the Company’s securities, including the exercise of options, only during prescribed trading windows.

Clawback Policies

Following Closing, the Company intends to adopt a clawback policy relating to annual bonus payments and long-term incentive awards to executive officers, including the NEOs. The terms of the clawback policy have not been determined. The Company intends to settle the clawback policy following Closing.

Components of Compensation

On Closing, the compensation of the Company's executive officers is expected to include three major elements: (a) base salary, (b) short-term incentives, consisting of an annual bonus, and (c) long-term equity incentives, consisting of stock options granted from time to time under the Legacy Stock Option Plan (until the number of options available for issuance thereunder have been granted) and the Omnibus Plan, and PSUs and/or RSUs granted from time to time under the Omnibus Plan. Perquisites and benefits are not expected to be a significant element of compensation of the Company's executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for the Company's executive officers. Base salaries are determined on an individual basis taking into account the scope of the executive officer's responsibilities and their prior experience and market competitiveness. Base salaries are expected to be reviewed annually by the Board and may be increased based on market competitiveness, among other factors. In addition, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive officer's role or responsibilities.

Annual Bonuses

Annual bonuses are designed to motivate the Company's executive officers to meet its business and financial objectives generally and its annual financial performance targets in particular. Annual bonus targets will be set as a percentage of the relevant executive officer's base salary, which will vary based on his or her position, if financial performance targets are achieved. Individual annual bonus payouts will be higher or lower than the target amount depending on the level of achievement of the applicable performance targets. Bonus payments for the executive officers are expected to be determined by the Board on the recommendation of the Compensation and Governance Committee.

Long-Term Incentive Plans

Omnibus Plan

On or before the Closing, the Company will amend and restated its Legacy Stock Option Plan to become the Omnibus Plan. The material features of the Omnibus Plan are summarized below.

Purpose

The purpose of the Omnibus Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company, to reward such of those non-employee directors, employees and consultants as may be granted Awards (as hereinafter defined) under the Omnibus Plan by the Board from time to time for their contributions toward the long term goals and success of the Company and to enable and encourage such non-employee directors, employees and consultants to acquire Common Shares (as defined in the Omnibus Plan) as long term investments and proprietary interests in the Company.

Types of Awards

The Omnibus Plan provides for the grant of options ("**Options**"), deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), performance share units ("**PSUs**") and other share-based awards ("**Other Share-Based Awards**" and together with the Options, DSUs, PSUs and RSUs, the "**Awards**"). All Awards will be granted by an agreement or other instrument or document evidencing the Award granted under the Omnibus Plan (an "**Award Agreement**").

Plan Administration

The Omnibus Plan will be administered by the Board, which may delegate its authority to any duly authorized committee of the Board (the "**Plan Administrator**"). The Plan Administrator has sole and complete authority, in its discretion, to:

(a) determine the individuals (the "**Participants**") to whom grants of Awards under the Omnibus Plan may be made;

(b) make grants of Awards under the Omnibus Plan, whether relating to the issuance of Common Shares or otherwise (including any combination of Options, RSUs, PSUs, DSUs or Other Share-Based Awards), in such amounts, to such Participants and, subject to the provisions of the Omnibus Plan, on such terms and conditions as it determines, including, without limitation:

  (i) the time or times at which Awards may be granted;

  (ii) the conditions under which: (A) Awards may be granted to Participants; or (B) Awards may be forfeited to the Company, including any conditions relating to the attainment of specified performance goals;

  (iii) the number of Common Shares to be covered by any Award;

  (iv) the price, if any, to be paid by a Participant in connection with the purchase of Common Shares covered by any Awards;

  (v) whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and

  (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;

(c) establish the form or forms of Award Agreements;

(d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of the Omnibus Plan;

(e) construe and interpret the Omnibus Plan and all Award Agreements;

(f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to the Omnibus Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and

(g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Omnibus Plan.

Common Shares Available for Awards

Subject to adjustments as provided for under the Omnibus Plan, the maximum number of Common Shares available for issuance pursuant to Awards granted under the Omnibus Plan will not exceed 10% of the Company's total issued and outstanding Common Shares from time to time. As of the date of Closing there are expected to be 1,841,198 Common Shares reserved and available for issuance under the Omnibus Plan.

The Omnibus Plan is considered to be an "evergreen" plan, since the Common Shares covered by Awards which have been exercised or terminated will be available for subsequent grants under the Omnibus Plan and the total number of Awards available to grant increases as the number of issued and outstanding Common Shares increases.

The aggregate number of Common Shares: (a) issuable to Insiders (as defined in the Omnibus Plan) at any time under all of the Company's security based compensation arrangements (which, for greater certainty, includes the Legacy Stock Option Plan) may not exceed 10% of the Company's total issued and outstanding

Common Shares; and (b) issued to Insiders within any one-year period, under all of the Company's security based compensation arrangements may not exceed 10% of the Company's total issued and outstanding Common Shares.

Blackout Period

In the event that the date of grant of an Award occurs, or an Award expires, at a time when an undisclosed material change or material fact in the affairs of the Company exists, the effective date of grant for such award, or expiry of such Award, as the case may be, will be no later than 10 business days after which there is no longer such undisclosed material change or material fact, and the Market Price (as hereinafter defined) with respect to the grant of such Award will be calculated based on the five business days immediately preceding the effective grant date.

Description of Awards

Subject to the provisions of the Omnibus Plan and such other terms and conditions as the Plan Administrator may prescribe, including with respect to performance and vesting conditions, the Plan Administrator may, from time to time, grant the following types of Awards to any Participant.

Options

An Option entitles a holder thereof to purchase a Share at an exercise price set at the time of the grant, which exercise price must in all cases be not less than the Market Price on the date of grant. "**Market Price**" is defined as the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of grant (or, if such Common Shares are not then listed and posted for trading on the TSX, on such stock exchange on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Board); provided that, for so long as the Common Shares are listed and posted for trading on the TSX, the Market Price shall not be less than the market price, as calculated under the policies of the TSX. The term of each option will be fixed by the Plan Administrator, but may not exceed 10 years from the date of grant.

Deferred Share Units

A DSU is a unit equivalent in value to a Share that vests upon grant but does not settle until a future date, generally upon termination of service with the Company. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of any compensation that is to be paid in DSUs, as determined by the Plan Administrator, by (b) the Market Price of a Share on the grant date.

The Plan Administrator will have the sole authority to determine the settlement terms applicable to the grant of DSUs. Subject to the terms of the Omnibus Plan and except as otherwise provided in an Award Agreement, on the settlement date for any DSU, the Participant will redeem each vested DSU for a Share, a cash payment, or a combination thereof.

Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, DSUs will be credited with dividend equivalents in the form of additional DSUs as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Dividend equivalents will vest in proportion to the DSUs to which they relate and will be settled in the same manner as the DSUs.

Restricted Share Units

An RSU is a unit equivalent in value to a Share that does not vest until after a specified period of time, or satisfaction of other vesting conditions as determined by the Plan Administrator, and which may be forfeited if vesting conditions are not met. The number of RSUs (including fractional RSUs) granted at any particular time will be calculated by dividing (a) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (b) the Market Price of a Share on the grant date.

The Plan Administrator will have the sole authority to determine the settlement terms applicable to the grant of RSUs. Subject to the terms of the Omnibus Plan and except as otherwise provided in an Award

Agreement, on the settlement date for any RSU, the Participant will redeem each vested RSU for a Share, a cash payment, or a combination thereof.

Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, RSUs will be credited with dividend equivalents in the form of additional RSUs as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Dividend equivalents will vest in proportion to the RSUs to which they relate and will be settled in the same manner as the RSUs.

Performance Share Units

The Plan Administrator will issue performance goals prior to the grant date to which such performance goals pertain. The performance goals may be based upon the achievement of corporate, divisional or individual goals and may be applied relative to performance relative to an index or comparator group, or on any other basis determined by the Plan Administrator. The Plan Administrator may modify the performance goals as necessary to align them with the Company's corporate objectives, subject to any limitations set forth in an Award Agreement or other agreement with a Participant. The performance goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

Each PSU will consist of a right to receive a Share, cash payment, or a combination thereof, upon the achievement of such performance goals during such performance periods as the Plan Administrator may establish.

Other Share-Based Awards

Each Other Share-Based Award shall consist of a right (a) which is other than an Award or right described above, and (b) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares) as are deemed by the Plan Administrator to be consistent with the purposes of the Omnibus Plan; provided, however, that such right will comply with applicable law. Subject to the terms of the Omnibus Plan and any applicable Award Agreement, the Plan Administrator will determine the terms and conditions of Other Share-Based Awards.

Effect of Termination on Awards

The following table describes the impact of certain events upon the Participants under the Omnibus Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a Participant's employment agreement, Award Agreement or other written agreement:

Event Provisions	Provisions
Termination for cause	Forfeiture of any unvested and vested Option or other Award.
Resignation (other than resignation with good reason or retirement)	Forfeiture of any unvested Option or other Award. Vested Options or other Awards must be exercised before the earlier of the expiry date and 6 months after termination of employment.
Termination without cause (or resignation with good reason)	Forfeiture of any unvested Option or other Award. Vested Options or other Awards must be exercised before the earlier of the expiry date and 6 months after termination of employment.
Death or Disability	12-month vesting period after death for all unvested Options or other Awards and the earlier of the expiry

Event Provisions	Provisions
	date and 30 days following such 12-month vesting period to exercise.
Retirement	Forfeiture of any unvested Option or other Award. Vested Options or other Awards must be exercised before the earlier of the expiry date and 6 months after termination of employment.

Notwithstanding the foregoing, the Plan Administrator may, in its discretion, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator.

Change in Control

Except as may be set forth in an employment agreement, Award Agreement or other written agreement between the Company or a subsidiary of the Company and the Participant or as set out in the Omnibus Plan, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause:

(a) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control (as defined in the Omnibus Plan);

(b) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such Change in Control;

(c) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction net of any exercise price payable by the Participant (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction, the Plan Administrator determines, in good faith, that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights net of any exercise price payable by the Participant, then such Award may be terminated by the Company without payment);

(d) the replacement of such Award with other rights or property selected by the Board in its sole discretion; or

(e) any combination of the foregoing.

In taking any of the foregoing actions, the Plan Administrator will not be required to treat all Awards similarly in the transaction.

Notwithstanding the foregoing, and unless otherwise determined by the Plan Administrator or as set out in the Omnibus Plan, if, as a result of a Change in Control, the Common Shares will cease trading on a stock exchange, the Company may terminate all of the Awards granted under the Omnibus Plan at the time of and subject to the completion of the Change in Control by paying to each holder an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably.

In the event a Participant is terminated without cause or resigns for good reason during the 12-month period following completion of a Change of Control, any Awards that were assumed or replaced by other awards upon a Change of Control and remain unvested shall vest in full and shall be exercisable until the earlier of (i) the close of business on the expiry date of the Award; and (ii) 90 days following the Participant's termination of employment.

Assignability

Except as required by law, the rights of a Participant under the Omnibus Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged unless otherwise approved by the Plan Administrator.

Amendment, Suspension or Termination of the Omnibus Plan

The Plan Administrator may from time to time, without notice and without approval of the Shareholders, amend, modify, change, suspend or terminate the Omnibus Plan or any Awards granted pursuant thereto as it, in its discretion, determines appropriate, provided, however, that: (a) no such amendment, modification, change, suspension or termination may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Omnibus Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or TSX requirements; and (b) any amendment that would cause an Award held by a U.S. taxpayer to be subject to the additional tax penalty under the U.S. tax code will be null and void with respect to the U.S. taxpayer unless his or her consent is obtained.

Without limiting the generality of the foregoing, but subject to the below, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Omnibus Plan for the purposes of:

- any amendments to the general vesting provisions of each Award;
- any amendment regarding the effect of termination of a participant's employment or engagement;
- any amendments to add covenants of the Company for the protection of Participants, provided that the Plan Administrator must be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants;
- any amendments not inconsistent with the Omnibus Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator must be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and non-employee directors; or
- any such changes or corrections which, on the advice of counsel to the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator must be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

Notwithstanding the foregoing and subject to any rules of the TSX, shareholder approval will be required for any amendment, modification or change that:

- increases the percentage of Common Shares reserved for issuance under the Omnibus Plan, except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- increases or removes the 10% limits on Common Shares issuable or issued to Insiders;
- reduces the exercise price of an Award except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- extends the term of an Award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the Participant or within five business days following the expiry of such a blackout period);
- permits an Award to be exercisable beyond 10 years from its grant date (except where an expiry date would have fallen within a blackout period);
- increases or removes the non-employee director participation limits;

- permits Awards to be transferred to a person;
- changes the eligible participants of the Omnibus Plan; or
- deletes or reduces the range of amendments which require shareholder approval.

Legacy Stock Option Plan

The Legacy Stock Option Plan is a part of a legacy compensation program pursuant to which certain directors, officers and employees of the Company or its subsidiaries were granted options to purchase shares in the capital of the Company. On or prior to the Closing, the Company will amend and restate its Legacy Stock Option Plan to form the Omnibus Plan. All options previously granted under the Legacy Stock Option Plan will continue to be governed by the Omnibus Plan, which contains substantially the same terms as the Legacy Stock Option Plan in respect of the options.

Employee Trust

Prior to the Closing, the Company will issue an aggregate of 3,274,488 Common Shares (545,748 Common Shares adjusted for the Share Consolidation) to an employee trust (the "**Employee Trust**"), the beneficiaries of which will be certain current executive officers and employees of the Company, in consideration for past and ongoing services to the Company by such executive officers and employees and in some cases in furtherance of agreements made by the Company in its offers of employment to such executive officers and employees. The Common Shares to be held in such Employee Trust will be subject to certain vesting conditions and forfeiture upon the occurrence of certain events, including termination for cause, resignation, termination without cause, disability, death or retirement, in a manner similar to the vesting of Awards, and the impact on Awards as a result of the occurrence of such events, under the Omnibus Plan.

Benefit Plans

The Company provides its executive officers, including the NEOs, with life, disability, health and dental insurance programs on the same basis as other employees as well as paid time off. The Company offers these benefits consistent with local market practice.

Pension Plan Benefits

The Company sponsors registered pension plans, which include defined benefit components. These plans supplement government plans, such as the Canada Pension Plan and the Quebec Pension Plan.

Defined Benefits Plan

The following table summarizes the following information for the NEOs participating in the Company's defined benefit pension plan arrangements as at December 31, 2021 (based on information as at December 31, 2020):

		Annual Benefits Payable ($)					
Name and Principal Position[1]	**Number of Years Credited Service (#)**	**At Year End**	**At Age 65**	**Opening Present Value of Defined Benefit Obligation ($)**	**Compensatory Change ($)**	**Non-Compensatory Change ($)**	**Closing Present Value of Defined Benefit Obligation ($)**
Michael Greenley *Chief Executive Officer and Director*	3.92	11,600	33,200	253,900	25,100	10,400	289,400

Notes:

(1) All amounts in the table have been calculated using the same assumptions and methods that are used for financial statement reporting purposes, including a December 31, 2020 discount rate of 2.6% and the 2014 Canadian Pensioners' Monthly (CPM) Private Mortality Table with projection using Scale CPM-B.

Perquisites

The Company generally does not offer significant perquisites as part of its compensation program, unless otherwise described below under "— Employment Agreements".

Termination and Change of Control Benefits

For a summary of the termination and change of control benefits provided under each long-term incentive plan, please refer to "Components of Compensation — Long-Term Incentive Plans". For a summary of the termination benefits provided under the NEOs' employment agreements, please refer to the "— Employment Agreements" section below.

Summary Compensation Table

The following table sets out information concerning the expected Fiscal 2021 compensation to be earned by, paid to, or awarded to the NEOs.

					Non-Equity Incentive Plan Compensation				
Name and Principal Position	**Fiscal**	**Salary ($)[1]**	**Share Based Awards ($)[2]**	**Option Based Awards ($)[3]**	**Annual Incentive Plans ($)**	**Long-Term Incentive Plans ($)**	**Pension ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
Michael Greenley .... *Chief Executive Officer and Director*	2021	600,000	—	—	400,000	—	25,100	—	1,025,100
Vito Culmone[3]........... *Chief Financial Officer*	2021	550,000	2,904,146	4,880,250	412,500	—	—	120,000	8,866,896
Amer Khouri[4]............. *Vice President, Satellite Systems*	2021	364,675	1,995,770	1,392,324	145,870	—	—	288,891	4,187,530
Tim Kopra[5] .... *Vice President, Robotics & Space Operations*	2021	314,375	—	—	125,750	—	—	63,368	503,493
Minda Suchan[6] .... *Vice President, Geointelligence*	2021	350,000	—	—	140,000	—	—	13,915	503,915

Notes:

(1) Represents the base salary expected to be paid in Fiscal 2021.

(2) Common Shares issued to the Employee Trust for the benefit of the applicable NEOs. The fair value of the Common Shares is based on the Offering Price

(3) The fair value of the options have been calculated using the Black-Scholes option-pricing model.

(4) All of the options were awarded to and/or for the benefit of Vito Culmone in connection with the commencement of his employment in March 2021 and for past and ongoing services. "All Other Compensation" for Vito Culmone consists of a signing bonus and the Company's estimated contribution for the NEO to the Company's registered retirement savings plan .

(5) All of the options were awarded to and/or for the benefit of Amer Khouri in connection with the commencement of his employment in January 2021 and for past and ongoing services. Amer Khouri's base salary and annual incentive plan amount are USD 290,000 and USD 116,000, respectively. The amounts in the table have been converted to CAD using an exchange rate of 1.2575, being the daily rate of exchange posted by the Bank of Canada for conversion of USD to CAD on March 31, 2021. "All Other Compensation" consists of a signing bonus of USD 200,000 converted to CAD using the foregoing exchange rate, the Company's estimated contribution for the NEO to the Company's 401K plan and amounts paid by the Company for housing expenses.

(6) Tim Kopra's base salary and annual incentive plan amount are USD 250,000 and USD 100,000, respectively. The amounts in the table have been converted to CAD using an exchange rate of 1.2575, being the daily rate of exchange posted by the Bank of Canada for conversion of USD to CAD on March 31, 2021. "All Other Compensation" consists of the Company's estimated contribution for the NEO to the Company's 401K plan and amounts paid by the Company for housing expenses.

(7) "All Other Compensation" consists of the Company's estimated contribution for the NEO to the Company's registered retirement savings plan.

Employment Agreements

Michael Greenley, Chief Executive Officer and Director

Mr. Greenley's employment agreement provides for base salary, a discretionary annual performance bonus, participation in the Legacy Stock Option Plan and benefits. It is expected that Mr. Greenley will participate in the Omnibus Plan.

If Mr. Greenley is terminated without cause or resigns for good reason, then in addition to his accrued but unpaid base salary and vacation pay up to the termination date, and benefits continuation, the Company will provide Mr. Greenley as severance an amount equal to 200% of his annual base salary; as well as his discretionary annual bonus (if any) for the year of termination, prorated to the termination date. If Mr. Greenley's employment agreement is terminated for any other reason other than as set out immediately above, he will receive only his accrued but unpaid base salary and vacation pay up to the termination date, and all entitlement to benefits and participation in the Company's bonus or incentive plans shall terminate on the termination date.

Mr. Greenley's employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition provisions which are in effect during Mr. Greenley's employment and for up to 24 months following the termination of his employment and non-solicitation provisions which are in effect during Mr. Greenley's employment and for the 24 months following the termination of his employment.

Vito Culmone, Chief Financial Officer

Mr. Culmone's employment agreement provides for base salary, a signing bonus, an annual performance bonus, participation in the Legacy Stock Option Plan, and benefits. It is expected that Mr. Culmone will participate in the Omnibus Plan.

If Mr. Culmone resigns or is terminated for cause, he will be entitled to receive only his accrued but unpaid base salary up to the termination date, and all entitlement to benefits shall terminate on the termination date. If Mr. Culmone is terminated without cause, then in addition to his accrued but unpaid base salary and vacation pay up to the termination date and benefits continuation, the Company will provide Mr. Culmone as severance an amount equal to 24 months' base salary plus one month base salary for each completed year of service up to a maximum of 24 months; as well as his annual bonus prorated to the termination date and for a period of 24 months thereafter.

Mr. Culmone's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Culmone's employment and for the 12 months following the termination of his employment.

Amer Khouri, Vice President, Satellite Systems

Mr. Khouri's employment agreement provides for base salary, a signing bonus, an annual performance bonus, participation in the Legacy Stock Option Plan, a relocation allowance and benefits. It is expected that Mr. Khouri will participate in the Omnibus Plan.

If Mr. Khouri resigns or is terminated for cause, he will be entitled to receive only his accrued but unpaid base salary up to the termination date, and all entitlement to benefits shall terminate on the termination date. If Mr. Khouri is terminated without cause, then in addition to his accrued but unpaid base salary and vacation pay up to the termination date, the Company will provide Mr. Khouri as severance an amount equal to 12 months' base salary plus one month base salary for each completed year of service up to a maximum of 24 months; as well as his annual bonus prorated for a period of a period of 12 months plus one month for every completed year of service up to a maximum of 24 months.

Mr. Khouri's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Khouri's employment and for the 12 months following the termination of his employment.

Tim Kopra, Vice President, Robotics & Space

Mr. Kopra's employment agreement provides for base salary, an annual performance bonus, participation in the Legacy Stock Option Plan and benefits. It is expected that Mr. Kopra will participate in the Omnibus Plan.

If Mr. Kopra resigns without good reason or is terminated for cause, he will be entitled to receive only his accrued but unpaid base salary up to the termination date, and all entitlement to benefits shall terminate on the termination date. If Mr. Kopra's employment is terminated for any other reason other than as set out immediately above, then in addition to his accrued but unpaid base salary to the termination date, and benefits continuation, the Company will provide Mr. Kopra as severance an amount equal to 12 month's base salary.

Mr. Kopra's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Kopra's employment and for the 12 months following the termination of his employment.

Dr. Minda Suchan, Vice President, Geointelligence

Dr. Suchan's employment agreement provides for base salary, a signing bonus, an annual performance bonus, participation in the Legacy Stock Option Plan, a relocation allowance and benefits. It is expected that Dr. Suchan will participate in the Omnibus Plan.

If Dr. Suchan resigns or is terminated for cause, she will be entitled to receive only her accrued but unpaid base salary up to the termination date, and all entitlement to benefits shall terminate on the termination date. If Dr. Suchan is terminated without cause, then in addition to her accrued but unpaid base salary and vacation pay up to the termination date, and benefits continuation, the Company will provide Dr. Suchan as severance an amount equal to 12 months' base salary plus one month base salary for each completed year of service up to a maximum of 24 months; as well as her annual bonus prorated for a period of 12 months plus one month for every completed year of service up to a maximum of 12 months. Dr. Suchan's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of her employment, including non-competition and non-solicitation provisions which are in effect during Dr. Suchan's employment and for the 12 months following the termination of her employment.

The table below shows the incremental payments that would be made to the Company's NEOs under the terms of their employment agreements upon the occurrence of certain events, if such events were to occur immediately following completion of the Offering.

Name and Principal Position	Event	Severance(1)	Acceleration of Unvested Options & Common Shares(2)	Total
Michael Greenley *Chief Executive Officer and Director*	Termination without cause or resignation for good reason	1,600,000	—	1,600,000
	Termination without cause or resignation for good reason following a change of control	1,600,000	12,496,100	14,096,100
Vito Culmone *Chief Financial Officer*	Termination without cause	1,925,000	—	1,925,000
	Termination without cause or resignation for good reason following a change of control	1,925,000	$ 2,904,146	4,829,146
Amer Khouri(3) *Vice President, Satellite Systems*	Termination without cause	510,545	—	510,545
	Termination without cause or resignation for good reason following a change of control	510,545	$ 1,995,770	$ 2,506,320
Tim Kopra(4) *Vice President, Robotics & Space Operations*	Termination without cause or resignation for good reason	314,375	—	314,375
	Termination without cause or resignation for good reason following a change of control	314,375	1,666,138	1,980,513
Minda Suchan *Vice President, Geointelligence*	Termination without cause	490,000	—	490,000
	Termination without cause or resignation for good reason following a change of control	490,000	1,666,138	2,156,138

Note:

(1) Severance payments are calculated based on the base salary and annual incentive compensation we expect to pay to the NEO and assumes achievement of target annual short term incentive bonus for the year in which the termination or resignation occurs, as applicable.

(2) Based on the Offering Price of $14.00 per Offered Share.

(3) Amer Khouri's severance amount is USD 406,000. The amount in the table have been converted to CAD using an exchange rate of 1.2575, being the daily rate of exchange posted by the Bank of Canada for conversion of USD to CAD on March 31, 2021.

(4) Tim Kopra's severance amount is USD 250,000. The amount in the table have been converted to CAD using an exchange rate of 1.2575, being the daily rate of exchange posted by the Bank of Canada for conversion of USD to CAD on March 31, 2021.

Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based and share-based awards granted to the Company's NEOs that it expects to be outstanding on Closing (after giving effect to the Share Consolidation pursuant the Pre-Closing Reorganization):

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[(1)]	Number of share that have not vested (#)	Market or payout value of share-based awards that have not vested ($)[(2)]	Market or payout value of vested share-based awards not paid out or distributed ($)
Michael Greenley .... *Chief Executive Officer and Director*	3,023,250	$ 6.00 – $15.36	October 30, 2030	$14,995,320	—	—	—
Vito Culmone .... *Chief Financial Officer*	1,125,894	$14.00 – $30.00	March 6, 2031	—	207,439	$2,904,146	—
Amer Khouri .... *Vice President, Satellite Systems*	260,543	$14.00 – $15.36	January 25, 2031	—	142,555	$1,995,770	—
Tim Kopra .... *Vice President, Robotics & Space Operations*	403,100	$ 6.00 – $15.36	November 9, 2030	$ 1,999,376	—	—	—
Minda Suchan .... *Vice President, Geointelligence*	403,100	$ 6.00 – $15.36	November 7, 2030	$ 1,999,376	—	—	—

Note:

(1) The value of the unexercised in-the-money options is calculated based on the Offering Price.

(2) Based on the Offering Price.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets out, for each of the Company's NEOs, the value of the option-based awards expected to vest in accordance with their terms during Fiscal 2021. No share-based awards are expected to vest during Fiscal 2021.

Name and Principal Position	Option-Based Awards — Value Expected to be Vested During the Year ($)[(1)]
Michael Greenley .... *Chief Executive Officer and Director*	1,245,580
Vito Culmone .... *Chief Financial Officer*	—
Amer Khouri .... *Vice President, Satellite Systems*	—
Tim Kopra .... *Vice President, Robotics & Space Operations*	166,078
Minda Suchan .... *Vice President, Geointelligence*	166,078

Note:

(1) Based on the Ofering Price of $14.00 per Offered Share.

DIRECTOR COMPENSATION

General

The following discussion describes the significant elements of the expected compensation program for members of the Board and its committees. The compensation of the Company's directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of its shareholders. Michael Greenley (an "**Excluded Director**") will not be entitled to receive any compensation for his service as a director of the Board.

Director Compensation

The Company's director compensation program is designed to attract and retain the most qualified individuals to serve on the Board. The Board, on the recommendation of the Compensation and Governance Committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on the Board, each director (other than Excluded Directors) will be paid an annual retainer. All directors will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors. See also "Executive Compensation — Components of Compensation".

The chart below outlines the Company's proposed director compensation program for its directors.

Type of Fee		Amount ($)
Board Retainer	Excluded directors	Nil
	Non-Excluded directors	$150,000
Annual Fee for Chair of the Board	Non-Excluded directors	Nil
Annual Fee for Chair of Board Committees	Non-Excluded directors	Nil

Long-Term Incentive Plan

Omnibus Plan

On Closing, the Company will establish the Omnibus Plan, which will provide for the grant of DSUs. See "Executive Compensation — Components of Compensation — Long-Term Incentive Plans — Omnibus Equity Incentive Plan".

Each year, the Company's directors, other than Excluded Directors who will not be receiving director compensation, may elect to take all or a portion of their annual Board retainer in the form of DSUs. Participation by the eligible directors in the Omnibus Plan is entirely voluntary.

Following the end of an eligible director's tenure as a member of the Board, the director will receive Common Shares, a payment in cash at the fair market value of the Common Shares represented by his or her DSUs, or a combination of the two on the director's elected redemption date. Each director's elected redemption date will not be earlier than the date the director's tenure as a member of the Board ceases and will not be later than December 15th of the year following the year in which the director's tenure as a member of the Board ceases.

Outstanding Option-Based Awards and Share-Based Awards

None of the Company's directors, other than Excluded Directors, hold any option-based or share-based awards.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as set out below, none of the Company's current or former directors, officers, or employees or any of their respective associates is indebted to the Company or has been subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries. Certain employees of the Company are indebted to the Company in the aggregate amount of $255,000 as of the date of this prospectus, which amounts were loaned by the Company to such employees for the purpose of purchasing Common Shares.

CORPORATE GOVERNANCE

Statement of Corporate Governance Practices

The Company's corporate governance disclosure obligations are set out in the Canadian Securities Administrators' NI 52-110, NI 58-101 and NP 58-201. These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of Board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Company's approach or anticipated approach to corporate governance in relation to the Guidelines.

Board Composition

Board of Directors

The Company's Board is currently comprised of eleven directors: Andrew Lapham, Anthony Pagano, Brendan Paddick, Darren Farber, Jim Balsillie, John Risley, Jill Smith, James Stavridis, Michael Greenley, Richard Florizone and Yaprak Baltacioglu.

Pursuant to the Pre-Closing Reorganization, the articles of the Company will be amended to require that: (i) a majority of the Board must be resident Canadians, and (ii) the head and registered office of the Company must be located in Canada. See "*Description of Share Capital — Pre-Closing Reorganization*".

The primary function of the Board is to supervise the management of the business and affairs of the Company, including the responsibility for the strategic planning process, assessing the performance of and overseeing the Company's management, the issuance of securities, ensuring effective and adequate communication with shareholders, other stakeholders and the public, oversight of the Company's internal control and management information systems, corporate governance, director compensation and assessment and approving material transactions and contracts. The Board will also be responsible for reviewing the succession plans for the Company, including appointing and monitoring senior management to ensure that the Board and management have appropriate skills and experience. The Board will, on or prior to the Closing, establish two committees: the Audit Committee and the Compensation and Governance Committee. See "Directors and Executive Officers" in this prospectus for a table setting out the membership of each of the committees of the Board.

The Board will delegate to the applicable committee those duties and responsibilities set out in each committee's proposed charters.

The primary mandate of the Audit Committee is to provide assistance to the Board in fulfilling its responsibility to the shareholders of the Company, to oversee the work and review the qualifications and independence of the external auditors of the Company, to review the financial statements of the Company and public disclosure documents containing financial information and to assist the Board with the legal compliance with respect to financial reporting and audit matters.

The primary mandate of the Compensation and Governance Committee will be to (i) assess the effectiveness of the Board, each of its committees and individual directors; (ii) oversee the recruitment and selection of director candidates to be nominated by the Company; (iii) organize an orientation and education program for new directors; (iv) consider and approve proposals by the directors to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors; (v) review and make recommendations to the Board concerning the size, composition and structure of the Board and its committees; (vi) oversee management succession; (vii) administer any securities-based compensation or incentive plans of the Company; (viii) assess the performance of management of the Company; (ix) review and approve the compensation program and compensation paid by the Company to the officers of the Company; (x) review and make recommendations to the Board concerning the level and nature of the compensation payable to directors and officers of the Company; and (xi) advise the Board on enhancing the Company's corporate governance through a continuing assessment of the Company's approach to corporate governance.

Independence of the Board

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. In determining whether a particular director is an "independent director" or a "non-independent director", the Board considers the factual circumstances of each director in the context of the Guidelines.

The Board consists of eleven directors. Nine of the eleven directors upon Closing are considered independent under Section 1.4 of NI 52-110. The Board has determined Michael Greenley is not considered independent on the basis that he is the Chief Executive Officer of MDA. Andrew Lapham is not technically considered independent as he was formerly the President of the Company; however, his role as President was titular in nature and Mr. Lapham did not, in this role, serve an executive or managerial role over the business of the Company. Each of Anthony Pagano, Brendan Paddick, Darren Farber, Jim Balsillie, John Risley, Jill Smith, James Stavridis, Richard Florizone and Yaprak Baltacioglu are considered independent.

The Board recognizes the importance of independent leadership on the Board, and has appointed John Risley, independent director, as Chair. If at any time the Chair of the Board is not independent, the Board shall appoint an independent director as a Lead Director and consider other possible steps and processes to ensure that independent leadership is provided for the Board.

Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results and one meeting prior to the issuance of the annual financial results of the Company. The Board shall meet periodically without Management present to ensure that the Board functions independent of Management. At each Board meeting, unless otherwise determined by the Board, an *in camera* meeting of independent directors will take place, which session will be chaired by the Chair of the Board or Lead Director if the Chair is not independent within the meaning of NI 52-110.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the members of the Board in their deliberations. Management attendees who are not Board members will be excused for any agenda items which are reserved for discussion among directors only.

Succession planning

The Board will provide primary oversight of succession planning for senior management, the performance assessment of the Chief Executive Officer, and the Chief Executive Officer's assessments of the other senior officers. In addition, from time to time, as appropriate, the Compensation and Governance Committee will review policies and programs in place and under development related succession planning.

Charters and Position Descriptions

The Board will be responsible for the overall stewardship of the Company. The Board will discharge this responsibility directly and through delegation of specific responsibilities to committees of the Board, the Chair, and officers of the Company, all as more particularly described in the Board's charter which is appended hereto as Appendix D. The committee charters for the Audit Committee and the Compensation and Governance Committee set out in writing the responsibilities of the committees vis-à-vis the Board and management of the Company.

The Board also has, or will have, written position descriptions for the Chair, chairs of each of the committees of the Board and the Chief Executive Officer. Each position description will set out, without limitation, the requirements and responsibilities of each such position.

Director Term Limits/Mandatory Retirement

The Board will consider the matters of term limits and mandatory retirement. At this time, the Board does not believe that these types of policies are necessary. The Board believes that its self-evaluation process combined with input from an external third party governance firm is an effective and transparent manner to ensure that the Company's directors add value and remain strong contributors.

Diversity

We believe that having a diverse Board and senior management offers a depth of perspective that enhances Board and management operations and performance. We similarly believe that having a diverse and inclusive organization overall is beneficial to our success, and we are committed to diversity and inclusion at all levels of our organization to try to attract, retain and promote the brightest and most talented individuals. We understand diversity to be the presence of a wide range of human qualities and attributes within a group, organization, or society. Dimensions of diversity include, but are not limited to, ancestry, culture, nationality, ethnicity, gender, gender identity, language, physical and intellectual ability, pregnancy, age, race, colour, religion, sex, sexual orientation, political convictions, civil status, and socio-economic status.

Board of Directors

The Board will aim to be comprised of directors who have a range of perspectives, insights and views in relation to the issues affecting the Company. The Company believes that the Board should include individuals from diverse backgrounds, having regard to, among other things, gender, status, age, business experience, professional expertise, education, nationality, race, culture, language, personal skills and geographic background and will consider the adoption of a diversity policy following Closing.

As of Closing, two of the directors, being 18%, will be female. The Company recognizes the value of the contribution of members with diverse attributes on the Board. However, the Company does not intend to establish a target regarding the number of women on the Board. The Company believes a target would not be the most effective way of ensuring the Board is comprised of individuals with diverse attributes and backgrounds. The Company will, however, evaluate the appropriateness of adopting targets in the future.

Management

As of Closing, one of the executive officers of the Company, being 17%, will be female. The Company does not intend to establish a target regarding the number of women in executive officer or senior leadership positions. The Company believes that the most effective way to achieve its goal of increasing the representation of women in leadership roles at all levels of the organization is to identify high-potential women within the Company and work with them to ensure they develop the skills, acquire the experience and have the opportunities necessary to become effective leaders. The Company will, however, evaluate the appropriateness of adopting targets in the future.

Orientation and Continuing Education

The Board will oversee an appropriate orientation for new Board members in order to familiarize them with the Company and its business (including the Company's reporting and organizational structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors), the role of the Board and its committees and the contribution that an individual director is expected to make to the Board, its committees (as applicable) and the Company. The Board will also coordinate the development of continuing education activities or programs for directors, from time to time as appropriate, that shall, among other things, assist directors to maintain or enhance their skills and abilities as directors, and assist directors in ensuring that their knowledge and understanding of the Company and its business remain current.

In addition, Board members will be expected to keep themselves current with industry trends and developments and will be encouraged to communicate with management and, where applicable, auditors, advisors and other consultants of the Company. Board members will have access to the Company's in-house and external legal counsel in the event of any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. Board members have full access to the Company's records.

Ethical Business Conduct

Following Closing, the Board will adopt a Code of Business Conduct and Ethics for the Company's directors, officers and employees that sets out the Board's expectations for the conduct of such persons in their dealings on behalf of the Company. The Board will establish confidential reporting procedures in order to encourage employees, directors and officers to raise concerns regarding matters addressed by the Code of Business Conduct and Ethics on a confidential basis free from discrimination, retaliation or harassment. Employees who violate the Code of Business Conduct and Ethics may face disciplinary actions, including dismissal.

The Code of Business Conduct and Ethics will be designed to deter wrongdoing and promote honest and ethical conduct; the avoidance of conflicts of interests; confidentiality of corporate information; protection and proper use of corporate assets and opportunities; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of any violations of the Code of Business Conduct and Ethics; accountability for adherence to the Code of Business Conduct and Ethics; and the Company's culture of honesty and accountability.

The Board will monitor compliance with the Code of Business Conduct and Ethics by delegating responsibility for investigating and enforcing matters related to the Code of Business Conduct and Ethics to management, who will report breaches of the Code of Business Conduct and Ethics to the appropriate officer of the Company. Any such investigations and resolutions of complaints will be reviewed by the General Counsel who will report annually to the Board thereon. Certain of the matters covered by the Code of Business Conduct and Ethics will also be subject to Audit Committee oversight. Any employee who becomes aware of a violation of the Code of Business Conduct and Ethics will be required to report the violation to a member of management. Directors and executive officers will be required by applicable law and the Code of Business Conduct and Ethics to promptly disclose any potential conflict of interest that may arise. If a director or executive officer has a material interest in an agreement or transaction, applicable law, the Code of Business Conduct and Ethics and principles of sound corporate governance will require them to declare the interest in writing or request to have such interest entered in the minutes of meetings of directors and where required by applicable law abstain from voting with respect to the agreement or transaction. The Compensation and Governance Committee will be responsible for monitoring such conflicts of interest under the Code of Business Conduct and Ethics. The Board will delegate the communication of the Code of Business Conduct and Ethics to employees and to management who will be expected to encourage and promote a culture of ethical business conduct.

Insider Trading Policy

Following Closing, the Board intends to adopt a policy relating to the trading in securities of the Company by directors, senior executives, employees and other insiders of the Company and its subsidiaries (the "**Insider Trading Policy**"). Among other things, the following are expected to be prohibited by the Insider Trading Policy: (a) short sales of the Company's securities; (b) transactions in puts, calls or other derivative securities, on an exchange or in any other organized market; (c) hedging or monetization transactions that allow an individual to continue to own the covered securities, but without the full risks and rewards of ownership; and (d) actively trading in the securities of the Company in the open market. Consequently, the foregoing prohibitions in the expected Insider Trading Policy will not permit a Company executive officer or director to purchase financial instruments that are designed to hedge or offset a decrease in market value of the Company's equity securities granted as compensation or held, directly or indirectly, by an executive officer or director of the Company.

The Insider Trading Policy will also provide for "blackout" periods or similar periods during which insiders and other persons who are subject to the policy are prohibited from trading in securities of the Company, including derivative-based transactions that involve, directly or indirectly, securities of the Company. It is expected that the blackout periods for quarterly earnings will run from the end of the quarter or shortly after the end of a quarter until 48 hours after the release of the Company's quarterly results and for annual earnings, will run from the end of the fiscal year or shortly thereafter until 48 hours after the release of the Company's annual financial results. For blackouts outside of the earnings blackouts, the time period over which such blackouts will run will be determined at the time of implementation of the blackout and will be based on the facts of a particular situation. The Insider Trading Policy will also restrict the issuance of security-based compensation derived from the current market price of the Company's shares during blackout periods.

Committees of the Board

Audit Committee

The Audit Committee will consist of Anthony Pagano, Brendan Paddick and Yaprak Baltacioglu, each of whom is and must at all times be financially literate. The Chair of the Audit Committee will be Brendan Paddick. All of the Audit Committee members are considered independent within the meaning of NI 52-110. The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies above under "Directors and Executive Officers — Directors".

The Board has adopted a written Charter for the Audit Committee, which sets out the Audit Committee's responsibility in reviewing and approving the financial statements of MDA and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the reviewing of MDA's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors. The text of the Charter of the Audit Committee is appended hereto as Appendix E.

The members of the Audit Committee will be appointed annually by the Board, and each member of the Audit Committee will serve at the request of the Board until the member resigns, is removed, or ceases to be a member of the Board.

All non-audit services to be provided by the Company's external auditor will be required to be pre-approved by the Audit Committee.

External Audit Service Fees

The fees billed to MDA by its auditor for Fiscal 2020 and Fiscal 2019 were as follows:

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2020	$1,214,000	$174,517	$20,295	—
2019(5)	—	—	—	—

Notes:

(1) The aggregate of fees billed for annual audit services relating to the audit of the Company.

(2) Total fees billed for audit, general accounting advice and related services and that are not reported under "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and general tax advisory services.

(4) The aggregate fees billed for services other than set out under the headings, "Audit Fees", "Audit-Related Fees" and "Tax Fees".

(5) There were no fees billed to MDA by its auditor for Fiscal 2019 during which time the Company's business was owned by Maxar.

Compensation and Governance Committee

The Compensation and Governance Committee will consist of Jill Smith, Yaprak Baltacioglu and Darren Farber each of whom are independent within the meaning of Section 1.4 of NI 52-110. The Chair of the Compensation and Governance Committee will be Jill Smith.

The Board has established a written charter setting forth the purpose, composition, authority and responsibility of the Compensation and Governance Committee consistent with the Company's corporate governance guidelines. In accordance therewith, the Compensation and Governance Committee shall:

(a) From time to time, as appropriate review with the Chair of the Board and Chief Executive Officer the long-term goals and objectives of the Company in relation to compensation.

(b) At least annually, review and approve the position description of the Chief Executive Officer and the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and evaluate the Chief Executive Officer's performance in light of those goals and objectives.

(c) At least annually, review and make recommendations to the Board with respect to the compensation of the Chief Executive Officer and other executive officers of the Company who report directly to the Chief Executive Officer, including incentive compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change of control arrangements or provisions, and any special or supplemental benefits.

(d) Review and make recommendations to the Board with respect to the compensation of directors, including incentive compensation plans.

(e) Review and make recommendations to the Board concerning the hiring of executive officers of the Company.

(f) Make recommendations to the Board concerning the oversight of senior management of the Company.

(g) From time to time, as appropriate, review key human resources policies and programs in place and under development related to management development, succession planning, career path planning and performance evaluation and their consistency with the strategy of the Company.

(h) From time to time, as appropriate, review the Company's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits, and long-term incentives and recommend changes to the Board if appropriate.

(i) Review management's policies and practices for ensuring that the Company complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.

(j) Consider the level of diversity among senior management and across the Company through continuously monitoring the level of diversity (including the level of female representation) in senior management positions and across the Company, and where appropriate, recruiting qualified diverse candidates (including qualified female candidates) as part of the Company's overall recruitment and selection process to fill senior management positions, as the need arises, through vacancies, growth or otherwise.

(k) Review annually the competencies, skills and personal qualities required of Board members, as a whole, in light of relevant factors.

(l) Establish and oversee an appropriate orientation and education program for new Board members in order to familiarize them with the Company and its business (including the Company's reporting and corporate structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors).

(m) Recommend to the Board continuing education activities or programs for directors, from time to time as appropriate, that shall, among other things, assist directors to maintain or enhance their skills and abilities as directors, and assist directors in ensuring that their knowledge and understanding of the Company's business remains current.

(n) Seek individuals qualified (in context of the needs of the Company and any formal criteria established by the Board) to become members of the Board for recommendation to the Board.

(o) Maintain a list of candidates considered or proposed by the Committee as new members of the Board and track which candidates among this group are ultimately nominated and appointed to the Board.

(p) Review and recommend to the Board the membership and allocation of Board members to the various committees of the Board.

(q) Appoint and, if appropriate, terminate any search firm to be used to identify Board candidates and any compensation consultant to be used to assist in the evaluation of Board compensation and to approve the search firm's and compensation consultant's fees and other retention terms.

(r) Consider the level of diversity on the Board through continuously monitoring the level of diversity (including the level of female representation) on the Board, and where appropriate, recruiting qualified diverse candidates (including qualified female candidates) as part of the Company's overall recruitment and selection process to fill Board positions, as the need arises, through vacancies, growth or otherwise.

(s) Review from time to time the size of the Board and the number of Board members who are independent for the purpose of applicable regulatory, stock exchange and securities law requirements or guidelines and Company policies regarding Board member independence.

(t) From time to time as appropriate, review the adequacy of the corporate governance practices of the Company and recommend any proposed changes to the Board for approval.

(u) Oversee the legal obligations of the Company, its subsidiaries and their directors, officers and employees with respect to confidential information.

(v) From time to time, as appropriate, review the practices of the Board (including separate meetings of non-management Board members) to identify improvements in corporate governance practices.

(w) From time to time, as appropriate, review the powers, mandates and performance, and the membership of the various committees of the Board and, if appropriate, make recommendations to the Board.

(x) From time to time, as appropriate, review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of management.

(y) Assist the Board in relation to related party transactions and other matters involving conflicts of interest, unless such matters fall within the mandate of the Audit Committee.

(z) Develop, subject to approval by the Board, a process for an annual assessment of effectiveness of the Board and its committees; and conduct or oversee the conduct of this annual assessment.

The members of the Compensation and Governance Committee will be appointed annually by the Board, and each member of the Compensation and Governance Committee will serve at the request of the Board until the member resigns, is removed, or ceases to be a member of the Board. Each member of the Compensation and Governance Committee must be independent within the meaning of NI 52-110.

By-Laws

The Company's by-laws include Advance Notice Provisions (as defined below) and provisions related to forum selection. A copy of the by-laws may be obtained by contacting the Company and will be available for review under the Company's profile on the SEDAR website at www.sedar.com on Closing.

Advance Notice Provisions

The by-laws will include certain advance notice provisions with respect to the election of directors (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to (a) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings, (b) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees and (c) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide the Company notice, in the prescribed form, within the prescribed time periods. These time periods include, (a) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that (X) if the first public announcement of the date of the annual meeting of shareholders (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (Y) if notice-and-access (as defined in National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy-related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting; and (b) in the case of a special meeting of shareholders (which is not also an annual meeting) called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date.

Forum Selection

The Company will include a forum selection provision in its by-laws that provides that, unless the Company consents in writing to the selection of an alternative forum, the Superior Court of Ontario (Commercial List), Canada and the appellate courts therefrom will be the sole and exclusive forum for (a) any derivative action or proceeding brought on the Company's behalf, (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to the Company, (c) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or the articles or the by-laws of the Company (as either may be amended from time to time), or (d) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by the Company or its affiliates and their respective shareholders, directors and/or officers. The forum selection provision also provides that the Company's securityholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement dated April 1, 2021 between the Company and the Underwriters, the Company has agreed to sell and the Underwriters have severally agreed to purchase, on the Closing Date, an aggregate of 28,062,572 Offered Shares, each at a price of $14.00 per Offered Share, payable in cash to the Company against delivery of the Offered Shares, for aggregate gross proceeds of $392,876,008 million to the Company (excluding the President's List Shares). In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to $0.735 per Offered Share sold pursuant to the Offering, provided that no fees will be payable in respect of the President's List Shares. It is estimated that the total expenses of the Offering, not including the Underwriters' Commissions, will be approximately $5.4 million. All such expenses of the Offering will be paid by the Company. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees.

The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain customary stated events, and in the event that certain conditions in the Underwriting Agreement are not satisfied or waived. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares, if any, purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including the Company and the Underwriters, have statutory liability for any misrepresentation in this prospectus, subject to available defences. The Company has agreed to indemnify the Underwriters and their affiliates and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

The Offering is being made in each of the provinces and territories of Canada. The Offered Shares will be offered in each of the provinces and territories of Canada through those Underwriters, or their affiliates who are registered to offer the Offered Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Common Shares outside of Canada.

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Common Shares under the symbol "MDA". Listing is subject to the Company fulfilling all of the requirements of the TSX on or before June 22, 2021.

There is no market through which the Common Shares may be sold. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. See "Risk Factors".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the Closing will occur on or about April 7, 2021, or such later date as the Company and the Underwriters may agree, but in any event not later than April 14, 2021.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the U.S. (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Offered Shares may not be offered or sold in the U.S.. The Underwriting Agreement provides that the Underwriters may offer and sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the U.S. in accordance with Rule 144A under the U.S. Securities Act and in compliance with applicable state securities laws. The Underwriting Agreement also provides that the Underwriters will offer and sell the Offered Shares outside the U.S. only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the U.S. by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A under the U.S. Securities Act.

In connection with the Offering, certain of the Underwriters or securities dealers may distribute the prospectus electronically.

On Closing, the Company expects to have a total of 114,951,656 Common Shares issued and outstanding on a non-diluted basis.

Pricing of the Offering

Prior to the Offering, there was no public market for the Common Shares. The Offering Price has been determined by negotiation between the Company and the Underwriters. The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the Offering Price paid by the Underwriters to the Company.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, subject to applicable law, the Underwriters may over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Shares available for purchase in the open market compared with the price at which they may purchase Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Common Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a client where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Over-Allotment Option

The Company has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters (subject to the condition that the Offered Shares subject to the Over-Allotment Option are listed on the TSX at the time of closing the Over-Allotment Option), for a period of 30 days from the Closing Date, to purchase up to 4,285,725 additional Common Shares (representing 15% of the Offered Shares sold pursuant to the base Offering), at the Offering Price, payable in cash against delivery of such additional Common Shares. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering over-allotments, if any, and for market stabilization purposes. The Company will pay the Underwriters' Commission in respect of the Offered Shares sold thereby under the Over-Allotment Option if the Over-Allotment Option is exercised. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Commissions and net proceeds to the Company before deducting other expenses of the Offering will be \$460,001,150, \$23,775,998.30 and \$436,225,151.68, respectively , taking into account that no fees are payable to the Underwriters in respect of the President's List Shares.

This prospectus qualifies the grant of the Over-Allotment Option. A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Lock-Up Arrangements

For a period beginning on the Closing Date and ending 180 days after the Closing Date:

(a) the Company will not, without the prior consent of the Lead Underwriters, on behalf of the Underwriters, directly or indirectly, subject to certain customary exceptions, (a) offer, issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Common Shares, financial instruments or securities convertible into or exercisable or exchangeable for Common Shares or announce any intention to do any of the foregoing, in a public offering, by way of private placement or otherwise, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise; and

(b) the Locked-up Shareholders have agreed, except with the prior written consent of the Lead Underwriters, on behalf of the Underwriters, and the Company and for transactions related to the Offering, to not, directly or indirectly, subject to certain customary exceptions, (a) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer, assign or dispose of any Common Shares or securities convertible into or exercisable or exchangeable for Common Shares; (b) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise; or (c) agree or publicly announce any intention to do any of the foregoing (the "**Shareholder Lock-Up**").

As a result of the Shareholder Lock-up, 100% of the Common Shares outstanding prior to the Offering on a non-diluted basis will be locked-up by the Locked-up Shareholders and therefore not freely tradeable for a period of 180 days after the Closing Date.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Common Shares have been offered or will be offered pursuant to the offering of the Offered Shares to the public in that Relevant State prior to the publication of a prospectus in relation to the Common Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State (all in accordance with the Prospectus Regulation), except that offers of Common Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation); or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offered Shares shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offered Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offered Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

Each Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Offered Shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offered Shares, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Offered Shares may not be offered or sold in Hong Kong by means of any document other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding

Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"), or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**Securities and Futures Ordinance**"), or (b) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (c) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offered Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offered Shares may not be circulated or distributed, nor may the Offered Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, (the "**SFA**"), under Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Offered Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Offered Shares under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (b) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (c) where no consideration is or will be given for the transfer, (d) where the transfer is by operation of law, (e) as specified in Section 276(7) of the SFA, or (f) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Offered Shares and Debentures) Regulations 2005 of Singapore ("**Regulation 32**").

Where the Offered Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the Offered Shares under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (b) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (c) where no consideration is or will be given for the transfer, (d) where the transfer is by operation of law, (e) as specified in Section 276(7) of the SFA, or (f) as specified in Regulation 32.

Notice to Prospective Investors in Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**FIEL**") has been made or will be made with respect to the solicitation of the application for the acquisition of the Offered Shares.

Accordingly, the Offered Shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the Offered Shares constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the Offered Shares. The Offered Shares may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the Offered Shares constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the Offered Shares. The Offered Shares may only be transferred en bloc without subdivision to a single investor.

Notice to Prospective Investors in Switzerland

The Offered Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, (the "**SIX**"), or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Offered Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, the Company or the Offered Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Offered Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Offered Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offered Shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, (the "**DFSA**"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Offered Shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the Offered Shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the Offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "**Corporations Act**", and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Offered Shares may only be made to persons, or Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Offered Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Offered Shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

RELATIONSHIP BETWEEN US AND CERTAIN UNDERWRITERS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses.

In particular, certain affiliates of BMO, Scotia, RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc. are lenders and/or agents in respect of the First Lien Credit Facilities. Accordingly, we may be considered a "connected issuer" to BMO, Scotia, RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc**.** within the meaning of National Instrument 33-105 — Underwriting Conflicts.

As at December 31, 2020, there was approximately $424 million outstanding under the First Lien Credit Facilities.

As of the date hereof, MDA Opco is in compliance in all material respects with the terms of its indebtedness to the lenders under the First Lien Credit Facilities. There has been no material adverse change in the financial position of the Company and its subsidiaries, or to the security for the indebtedness under the First Lien Credit Facilities since the date that the First Lien Credit Facilities were established. The lenders have not waived any breach of the Credit Agreement since the date that the First Lien Credit Facilities were established.

The lenders under the Credit Facilities were not involved in the decision to proceed with the Offering or in the determination of the terms of the Offering. As a consequence of the Offering, the Underwriters will receive a commission in respect of the Common Shares sold through the Underwriters and the lenders will receive a portion of the net proceeds of the Offering from the Company as a repayment of outstanding indebtedness under the First Lien Credit Facilities. See "Use of Proceeds" and "Plan of Distribution".

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with our Company. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") generally applicable to a holder who acquires as beneficial owner Offered Shares pursuant to this Offering and who, for the purposes of the Tax Act and at all relevant times deals at arm's length with the Company and the Underwriters, is not affiliated with the Company or the Underwriters (a "**Holder**").

This summary is based upon the current provisions of the Tax Act, the *Canada-United States Income Tax Convention (1980)*, as amended (the "**Convention**"), and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations are made concerning the income tax consequences to any particular Holder or prospective Holder. Accordingly, Holders are urged to consult with their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Offered Shares.

Currency Conversion

For purposes of the Tax Act, all amounts relevant in computing the income, taxable income and taxes payable by a Holder, including the cost and adjusted cost base of Offered Shares, must be determined in Canadian dollars based on the exchange rate quoted by the Bank of Canada on the relevant date (or, if there is no such rate quoted for the relevant date, the closest preceding date for which such a rate is quoted) or such other rate of exchange that is acceptable to the Minister of National Revenue.

Residents of Canada

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act, and at all relevant times, is, or is deemed to be, resident in Canada, holds Offered Shares as capital property, and has not entered into and will not enter into, with respect to their Offered Shares, a "derivative forward agreement", a "synthetic disposition arrangement" or a "dividend rental arrangement" each as defined under the Tax Act (a "**Resident Holder**"). Generally, the Offered Shares will be considered to be capital property to a Holder unless they are held or acquired or deemed to be held or acquired in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade.

Certain Resident Holders whose Offered Shares might not otherwise qualify as capital property may, in certain circumstances, make the irrevocable election pursuant to subsection 39(4) of the Tax Act to have its Offered Shares, and every other "Canadian security", as defined in the Tax Act, owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and advisable in their own circumstances.

This portion of the summary is not applicable to a Resident Holder: (a) that is a "financial institution", as defined in the Tax Act for purposes of the "mark-to-market rules" contained in the Tax Act; (b) an interest in which would, or for whom an Offered Share would, be a "tax shelter investment" as defined in the Tax Act; (c) that is a "specified financial institution" as defined in the Tax Act; or (d) that has elected to report its "Canadian tax results", as defined in the Tax Act, in a currency other than the Canadian currency. Any such Holder to which this summary does not apply should consult its own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of Offered Shares, controlled by a non-resident person or, if no single non-resident person has control, by a group of non-resident persons that do not deal with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of acquiring Offered Shares.

Dividends on Offered Shares

Dividends received on an Offered Share by a Resident Holder who is an individual (other than certain trusts) will be included in computing such Resident Holder's income for the taxation year and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends". There may be limitations on the ability of the Company to designate dividends as "eligible dividends". Dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult with their own tax advisors in this regard.

Dividends received on an Offered Share by a Resident Holder that is a corporation will be included in computing such Resident Holder's income for the taxation year and generally will be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend received by a Resident Holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, generally will be liable to pay an additional tax under Part IV of the Tax Act on dividends received on Offered Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. Such additional tax may be refundable in certain circumstances. Resident Holders that are corporations should consult with their own tax advisors having regard to their particular circumstances.

Dispositions of Offered Shares

Upon a disposition, or a deemed disposition, of an Offered Share (other than to the Company, unless purchased by the Company in the open market in the manner in which Offered Shares are normally purchased by any member of the public in the open market), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Offered Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Offered Share to the Resident Holder immediately before the disposition or deemed disposition. For this purpose, the adjusted cost base to a Resident Holder of an Offered Share will be determined at any particular time by averaging the cost of such share with the adjusted cost base of all other Offered Shares owned by the Resident Holder as capital property at that time. The Resident Holder's cost for the purposes of the Tax Act of Offered Shares generally will include all amounts paid or payable by the Resident Holder for the Offered Shares, subject to certain adjustments under the Tax Act. Such capital gain (or capital loss) will be subject to the treatment described below under "— Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder for a taxation year must be included in computing the Resident Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in that taxation year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent year (against net taxable capital gains realized in such years), to the extent and under the circumstances described in the Tax Act. If the Resident Holder is a corporation, any such capital loss realized on the sale of an Offered Share may be reduced by the amount of any dividends which have been received by the Resident Holder on such Offered Share to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Offered Shares, directly or indirectly through a partnership or a trust. Such Resident Holders should consult their own tax advisors.

Taxable capital gains realized by a Resident Holder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the Resident Holder's circumstances. A Resident Holder that is throughout the year a "Canadian-controlled private corporation"(as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including taxable capital gains. Such Resident Holders should consult their own tax advisors in this regard.

Non-Resident Holders

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, (i) is not and is not deemed to be resident in Canada, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, the Offered Shares in connection with, or in the course of carrying on, a business or part of a business in Canada (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Dividends on Offered Shares

A dividend paid or credited, or deemed to be paid or credited, on an Offered Share to a Non-Resident Holder will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, the rate of withholding tax applicable to a dividend paid on an Offered Share to a Non-Resident Holder who is a resident of the United States for purposes of the Convention, beneficially owns the dividend, and is fully entitled to the benefits of the Convention, generally will be reduced to 15%. Non-Resident Holders should consult their own tax advisors having regard to their particular circumstances.

Dispositions of Offered Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of an Offered Share unless the Offered Share constitutes "taxable Canadian property"(as defined in the Tax Act) to the Non-Resident Holder at the time of disposition, and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. Generally, an Offered Share will not constitute taxable Canadian property to a Non-Resident Holder at any particular time provided that the Offered Share is listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX), unless at any time during the 60-month period immediately preceding such time: (a) at least 25% or more of the issued shares of any class or series of the capital stock of the Company was owned by or belonged to any combination of (x) the Non-Resident Holder, (y) persons with whom the Non-Resident Holder did not deal at arm's length (for the purposes of the Tax Act), and (z) partnerships in which the Non-Resident Holder or a person described in (y) holds a membership interest directly or indirectly through one or more partnerships; and (b) more than 50% of the fair market value of the Offered Share was derived, directly or indirectly, from one, or any combination of, real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act) or options in respect of, interests in or for civil law rights in any such property (whether or not such property exists).

Notwithstanding the foregoing, an Offered Share may be deemed to be "taxable Canadian property" in certain circumstances set out in the Tax Act. If the Offered Share constitutes "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition, and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident, the consequences above under "Residents of Canada — Dispositions of Offered Shares" and "Residents of Canada — Taxation of Capital Gains and Losses" will generally apply. Non-Resident Holders whose Offered Shares may constitute taxable Canadian property to them should consult their own tax advisors regarding their particular circumstances.

RISK FACTORS

The Company's business is subject to a variety of risks and special considerations. As a result, prospective investors in the Company should carefully consider the risks described below and the other information included in this prospectus and any information gathered as a result of the prospective investor's own independent evaluation of the Company and its business before deciding to invest in the Offered Shares. The following summary of "risk factors" does not purport to be exhaustive or to summarize all the risks that may be associated with purchasing or owning Common Shares of the Company. Additional risks and uncertainties not presently known to MDA, or that it believes to be immaterial, may impair the Company's business. Each potential investor is advised and expected to conduct its own investigation into the Company and to arrive at an independent evaluation of the investment. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer. In that case, the value of the Common Shares could decline and the investor could lose all or part of its investment.

Risk Related to our Business and Industry

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China. Since then, the outbreak has spread to over 200 countries and territories and infections have been reported around the world. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and then characterized it as a pandemic on March 11, 2020. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The duration and the related business disruptions and financial impact of these recommendations and measures cannot be reasonably estimated at this time.

MDA responded to the pandemic by adopting a company-wide Work-From-Home ("**WFH**") policy for all employees who are able to complete their work outside of the office. Approximately 90% of our work force is currently in a WFH posture, while the remaining 10% continue to work on-site to conduct essential operations, in compliance with all local and provincial government regulations.

Our operational and financial performance in 2020 was materially impacted by COVID-19, particularly in our Satellite Systems business, which realized decreased productivity and delays in new business awards. Productivity was impacted by: (i) inefficiencies resulting from WFH on large and complex programs that require significant collaboration within MDA and with our customers; (ii) inability to visit work sites and sign off on deliverables; and (iii) regional restrictions which globally impacted our supplier's ability to complete their work on schedule, creating delays in our production performance. Because our revenue recognition is based on the Percentage-of-Completion accounting method, our reduced productivity in Fiscal 2020 resulted in lower revenues. In addition, new business awards in the Satellite Systems business in Fiscal 2020 were lower than expected, in part due to customer delays caused in part by COVID-19.

In Fiscal 2020, we received approximately $41.6 million in cash from the Canadian government in connection with the Canadian Emergency Wage Subsidy program. Receiving this subsidy allowed us to retain key employees throughout Fiscal 2020 and avoid significant headcount reductions which would have been detrimental to the near- and long-term success of our business.

MDA cannot estimate the duration and severity of the COVID-19 outbreak and its financial impact. As such, the extent to which COVID-19 may have a sustained impact on our results is uncertain and it is possible that our future results may be negatively impacted.

In addition, the continued impact of COVID-19 may have adverse impacts on the Company, including, among others:

- continued disruptions and volatility in the global capital markets, which may increase cost of capital and adversely impacts access to capital;
- continued impacts on workforces throughout the regions in which COVID-19 is present, which may result in our workforce being unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with the COVID-19 pandemic;

- impacts on government funding levels through agency or program budget reductions or the imposition of budgetary constraints, which may affect our contracts and operations;
- sustained disruptions in global supply chains, which could limit or inhibit our operations; and
- cause other unpredictable impacts.

The Company continues to work with its stakeholders (including customers, employees and suppliers) to responsibly address this global pandemic. The Company continues to monitor the situation, to assess further possible implications to its business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences. The Company cannot at this time predict the long-term impact of the COVID-19 pandemic, but it could have a sustained material adverse effect on our business, financial position, results of operations and/or cash flows.

Uncertain economic and political conditions could materially adversely affect the Company's results of operations and financial condition.

Customer demand for the Company's products and services may be affected by economic and political conditions on an international and local level. For example, changes in interest rates, foreign exchange rates, credit availability, the level of government spending, changes in the business market affecting the Company's customers, and political decisions may influence the Company's sales or the Company's ability to access certain funding. Current or potential customers may delay or decrease spending on our products and services as their business and/or budgets are impacted by economic conditions. The inability of current and potential customers to pay us for our products and services may adversely affect our earnings and cash flows. The factors leading to, and the severity and length of, a business downturn are difficult to predict and it is possible that the Company will not appropriately anticipate changes in the underlying end markets it serves. It is also difficult to predict whether any increased levels of business activity will continue as a trend into the future. Changing economic and political decisions and any failure by the Company to anticipate a business downturn may adversely affect the Company's results of operations and financial condition.

Catastrophic space events, natural disasters and other significant disruptions could materially adversely affect the Company's results of operations and financial condition, and impact the Company's ability to effectively perform its daily operations and provide and produce its products and services.

The Company's business may be materially adversely affected by the occurrence of various catastrophic natural phenomena or other significant events outside of its control. For example, the occurrence of a catastrophic space event, such as a meteor shower or a collision with space debris, or other significant disruption affecting the space stations or space craft that the Company services (including for example, the International Space Station or Lunar Gateway), could have a material adverse effect on the Company's results of operations and financial condition. In addition, orbital debris could render certain orbits unusable impacting the Company's assets in those orbits or its ability to provide products or services in those orbits. The Company is also vulnerable to other natural disasters and significant disruptions, including tsunamis, floods, earthquakes, hurricanes, fires, water shortages, other extreme weather conditions, health epidemics, pandemics and similar outbreaks, acts of terrorism, power shortages and blackouts and telecommunications failures. Natural disasters or other disruptions could result in disruptions to operations or the operations of suppliers, subcontractors, distributors or customers; destruction of facilities; and loss of life, all of which could materially increase our costs and expenses, delay or decrease orders and revenue from our customers and have a material adverse effect on our business, financial condition, results of operations and cash flows. The availability of some of the Company's products and services depends on the continuing operation of its satellite operations infrastructure, information technology and communications systems. Any downtime, damage to or failure of the Company's systems could result in lengthy interruptions in its service, which could damage the Company's reputation and have a material adverse effect on its financial condition and results of operations.

The Company's business is subject to the policies, priorities, mandates and funding levels of governmental entities and may be negatively or positively impacted by any changes thereto.

Changes in government policies, priorities or regulations, or funding levels through agency or program budget reductions, the imposition of budgetary constraints or the lack of government appropriations, the delay and/or deferment in governmental contract approvals or in government programs or disruptions in government operations (including shutdowns) could have a material adverse effect on the Company's financial condition, results of operations or future growth. The Company's business is dependent on governments continuing to create, support and fund the programs in which the Company and its customers participate. A decline or shift in governmental support and funding for such programs could result in contract terminations, delays in contract awards, the failure to exercise contract options, the cancellation of planned procurements and fewer new business opportunities, any of which could have a material adverse effect on the Company's financial condition and results of operation. The cancellation of, or a significant disruption to, any program that is material to the Company's business, including (without limitation) ISS, Lunar Gateway, Canadian Surface Combatant and Telesat Lightspeed, would have a significant negative impact on the Company's business, prospects and profitability.

The Company's contracts with governmental entities may be terminated or suspended by the government at any time.

Contracts with any government may be terminated or suspended by the government at any time, with or without cause. There can be no assurance that any contract with the government of any country will not be terminated or suspended in the future. Amounts payable to the Company under such contracts upon termination for convenience are not assured and may not be sufficient to fully compensate the Company for any early termination of a contract, which may impact the results of operations and financial condition of the Company. In addition, the Company may not be able to procure new contracts to offset the revenue or backlog lost as a result of any termination of government contracts. The loss of one or more large contracts could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

In addition, government contracts are frequently awarded only after formal competitive bidding processes, which have been and may continue to be protracted and typically impose provisions that permit cancellation in the event that necessary funds are unavailable to the government agency. The Company may compete directly with other suppliers or align with a prime or subcontractor competing for a contract. The Company may not be awarded the contract if the pricing or product offering is not competitive, either at the Company's level or the prime or subcontractor level. Competitive procurements impose substantial costs and managerial time and effort in order to prepare bids and proposals for contracts that may not be awarded to the Company. In many cases, unsuccessful bidders for government contracts are provided the opportunity to formally protest certain contract awards through various agencies, administrative and judicial channels. The protest process may substantially delay a successful bidder's contract performance, result in cancellation of the contract award entirely and distract management. The Company may not be awarded contracts for which it bids, and substantial delays or cancellation of purchases may follow the Company's successful bids as a result of such protests.

Certain government contracts also contain "organizational conflict of interest" clauses that could limit the Company's ability to compete for certain related follow-on contracts. There can be no guarantee that it will be able to avoid all organizational conflict of interest issues.

The Company's business is subject to government regulation and may be negatively impacted by the ability of the Company to comply with such regulations or to obtain any required regulatory approvals.

Some areas in which the Company operates are subject to significant government regulation. These regulations are subject to change. A failure by the Company to keep current and compliant with these changes could result in sanctions or financial penalties that may have a material adverse effect on its results of operations, or limit its ability to operate in a specific market. Furthermore, the Company is regularly audited and reviewed by government entities and agencies in its performance of contracts with such entities. These entities review the Company's performance under such contracts, the Company's cost structure and compliance with applicable laws, regulations and standards, as well as the adequacy of, and compliance with, the Company's internal control systems and policies. If an audit uncovers improper or illegal activities, the Company may be subject to civil and criminal penalties, sanctions or suspension or decreases or withholding of certain payments by the applicable government entity. In addition, the Company could suffer serious reputational harm if allegations of impropriety were made against it.

The operation of certain systems, such as satellites or other devices, which are or will be operated by the Company, require regulatory approvals to be obtained by the Company, such as those relating to licences and communication frequencies. In certain circumstances third parties may be required to obtain such approvals or licences. There can be no assurance that the approvals or licences will be obtained by either the Company or third parties on a timely basis or retained for continuous operations. A failure to obtain approvals or licences could materially adversely affect the Company's results of operations and financial condition.

The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's results of operations and financial condition.

The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's results of operations and financial condition, including revenue and EBITDA. RADARSAT-2 has surpassed its expected design life and its performance may begin to decline. RADARSAT-2 also employs advanced technologies and sensors that are exposed to severe environmental stresses in space that could affect its performance. Generally, satellites may cease to function (and those cessations may be permanent in nature) for various reasons, some of which are beyond the Company's control, including the quality of design and construction, the supply of fuel, the expected gradual environmental degradation of solar panels, the durability of various satellite components and the orbits and space environments in which the satellites are placed and operated. Satellites have certain redundant systems which can fail partially or in their entirety and accordingly satellites can operate for extended periods with single points of failure. Hardware component problems in space could lead to deterioration in performance or loss of functionality of a satellite. The failure of satellite components could cause damage to or loss of the use of a satellite before the end of its operational life. In addition, human operators may execute improper implementation commands that may negatively impact a satellite's performance.

Electrostatic storms or an unanticipated catastrophic event, such as a meteor shower or a collision with space debris, could reduce the performance of, damage or completely destroy RADARSAT-2 or any other satellite that may be owned and/or operated by the Company in the future. Additionally, in certain instances, governments may discontinue for periods of time the access to or operation of a satellite for any particular area on the Earth and for various reasons may not permit transmission of certain data, whether from a satellite owned by the government or not. The Company cannot offer assurances that RADARSAT-2 or any other satellite that it may own and/or operate in the future will remain in operation until the end of its expected operational life. Furthermore, the Company can offer no assurance that RADARSAT-2 or any other satellite will maintain its prescribed orbit.

In January, 2021,we announced that we will be building a next-generation EO commercial satellite, SARnext, which will be a follow-on to RADARSAT-2, offering service continuity to our existing customers and expanded capabilities. However, if the Company suffers a partial or total loss of RADARSAT-2 prior to the deployment of SARnext, it would significantly impact the Company's business, prospects and profitability. During any period of time in which RADARSAT-2 is not fully operational and has not been replaced, the Company may lose most or all revenue derived from RADARSAT-2. The Company's inability to repair or correct any other technical problem in a timely manner could result in a significant loss of revenue.

A significant portion of the Company's expected revenue over the next several years is, and is expected to continue to be, concentrated in a small number of contracts. The loss or reduction in scope of any such contract or the loss of one or more of our largest customers or programs would materially reduce revenue.

We are dependent on a small number of customers for a large portion of our revenues. In Fiscal 2020, our top 19 customers accounted for 70% of our total net revenues. A significant decrease in the sales to or loss of any of our major customers would have a material adverse effect on our business and results of operations.

We received a Phase A contract from the CSA in December 2020 to develop Canadarm3 for the Lunar Gateway mission. The Canadarm3 will be designed and built over a five- year period and is expected to generate estimated total revenue to MDA of $1.4 billion, including 15 years of ongoing service and support revenue. We also have been selected to design and integrate 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, or approximately $100 million per vessel. Furthermore, in February 2021, Telesat announced that

MDA was selected for a major role on their upcoming constellation. MDA will develop the DRA, a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. 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.

The loss or termination of, or a breach or reduction of services under, any of these contracts could have a material adverse effect on the Company's business, financial condition and results of operations. In some cases, these contracts may be terminated by the counterparty at any time for convenience. In addition, our expectations for future renewals of, and other opportunities arising from, these contracts may prove to be incorrect. There can be no assurance that such renewals or opportunities will materialize. Various factors may affect the performance, duration and renewal of these contracts, including changes or shifts in government policies, priorities or funding levels or budgets in respect of these programs and the other risk factors described hereunder.

In addition, certain of our revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products. No assurance can be given that our customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, our results of operations.

Failure to successfully implement the Company's growth strategy could reduce, or reduce the growth of, the Company's revenue and net income.

The Company's growth strategy is focused on (a) executing on recently awarded flagship programs; (b) developing digital solutions for the satellite communications industry and deepening the Company's constellation market share; (c) expanding market leadership in Geointelligence; (d) maximizing robotics and space mission participation; (e) expanding in growing international market; and (f) utilizing strategic M&A to complement organic growth. The successful implementation of these growth strategies could depend on various factors, including:

- competition in current and future markets;
- general economic, business and regulatory conditions;
- government agencies and other third parties continuing to implement programs and missions on anticipated terms and timelines;
- ability to respond rapidly to technological change; and
- the quality of new products.

Failure to successfully implement the Company's growth strategy could reduce, or reduce the growth of, the Company's revenue and net income and adversely affect its business, financial condition and results of operations.

The Company often relies on a single supplier or a limited number of suppliers to provide certain key products or services and the inability of these key suppliers to meet its needs could have a material adverse effect on its business.

We rely on other companies to provide major components for our products and services. Historically, the Company has contracted with a single supplier or a limited number of suppliers to provide certain key products or services, such as construction of launch vehicles. In addition, the Company's manufacturing operations depend on specific technologies and companies for which there may be a limited number of suppliers. If these suppliers are unable to meet the Company's needs because they fail to perform adequately, are unable to match new technological requirements or problems, or are unable to dedicate engineering and other resources necessary to provide the services contracted for, the Company's business, financial position and results of operations may be adversely affected. In addition, changes in economic conditions, including changes in government budgets or credit availability, or other changes impacting a supplier (including changes in ownership or operations) could adversely affect the financial stability of our suppliers and/or their ability to perform. While alternative sources for most of these products, services and technologies may exist, the Company may not be able to develop these alternative sources quickly and cost-effectively, which could materially impair its ability to operate its business. In some cases, there may be only one supplier for certain components or the provision of certain services. For example, the Company engages a sole-source supplier to provide critical maintenance services in the event of an on-orbit failure of RADARSAT-2. The loss or failure of RADARSAT-2 could have a material adverse effect on the Company's business. Accordingly, in the event of an on-orbit anomaly or failure of such satellite, the failure of such supplier to perform its obligations may have material consequences. If a sole-source supplier cannot meet the Company's needs or is otherwise unavailable, we may be unable to find a suitable alternative.

Deficiencies in the performance of our subcontractors and/or suppliers could result in liquidated damages or our customers terminating their contract with us for material breach. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contracts. Suppliers are in most cases also selected through a competitive bid or negotiated process. As applicable, major development subcontracts are established as firm fixed price contracts, generally with supporting performance bonds or other security, liquidated damages or other penalties for non-performance. However, some suppliers have limitations or exclusions from certain liabilities. The Company cannot protect itself against all potential failures or breaches by subcontractors, particularly those related to financial insolvency of the subcontractors or to cost overruns by subcontractors. In addition, a significant price increase in those subcontracts which are not firm fixed price, delays in performance, a subcontractor's failure to perform or the inability to obtain replacement subcontractors at a reasonable price, when and if needed, could have a material adverse effect on the Company's business, results of operations and financial condition.

Disruptions in the supply of key raw materials or components and difficulties in the supplier qualification process, as well as increases in prices of raw materials, could adversely impact the Company.

Many raw materials, major components and product equipment items used by the Company are also procured or subcontracted on a single or sole-source basis. It is difficult to predict what effects shortages or price increases in raw materials, components and product equipment items may have in the future. The Company's ability to manage inventory and meet delivery requirements may be constrained by its suppliers' inability to scale production and adjust delivery of long-lead time products during times of volatile demand, or if sole-source suppliers are unable to meet the Company's supply needs. The Company's inability to fill its supply needs would jeopardize its ability to fulfill obligations under commercial and government contracts, which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to customer relationships and could have a material adverse effect on the Company's operating results, financial condition, or cash flows.

Key raw materials used in the Company's operations include metals such as aluminum and titanium, which are usually procured by suppliers who manufacture parts in accordance with the Company's drawings. The Company also purchases materials such as chemicals; composites; electronic, electro-mechanical and mechanical components; subassemblies; and subsystems that are integrated with the manufactured parts for final assembly into finished products and systems. The Company is impacted by increases in the prices of raw materials used in production on fixed-price business.

The Company monitors sources of supply to attempt to assure that adequate raw materials and other supplies needed in manufacturing processes are available. Difficulty completing qualification of new sources of supply, implementing use of replacement materials, components or new sources of supply, or a continuing increase in the prices of raw materials, energy or components could have a material adverse effect on the Company's operating results, financial condition, or cash flows.

The Company operates in highly competitive industries and in various jurisdictions across the world which may cause the Company to have to reduce its prices.

The Company operates in highly competitive industries and some of the Company's current or future competitors may have superior technologies or greater financial and other resources than the Company has. In addition, some of MDA's foreign competitors currently benefit from, and others may benefit in the future from, protective measures by their home countries where governments are providing financial support, including significant investments in the development of new technologies. Government support of this nature greatly reduces the commercial risks associated with satellite development activities for these competitors. This market environment may result in increased pressures on MDA's pricing and other competitive factors. The Canadian competitive landscape may change and it is possible that a new space prime contractor in Canada will emerge over time. Furthermore, government agencies may at any time decide to perform similar work as the Company either for themselves or for other government agencies, effectively competing with the Company.

The Company's competitors or potential competitors could, in the future, offer products and services with more attractive features, capabilities and technologies, or at lower prices, than the Company's products and services. For example, the emergence of new remote imaging technologies or the continued growth of low-cost imaging satellites, could negatively affect the Company's marketing efforts. Due to competitive pricing pressures, such as new product introductions by the Company or its competitors or other factors, the selling price of the Company's products and services may further decrease. If the Company is unable to offset decreases in its average selling prices by increasing its sales volumes or by adjusting its product mix, its revenue and operating margins may decline and its financial position may be harmed.

The Company may not be successful in developing new technology and the technology the Company is successful in developing may not meet the needs of its customers or potential new customers.

The markets in which MDA operates are characterized by changing technology and evolving industry standards. We have derived, and we expect to continue to derive, a substantial portion of our revenues from providing innovative engineering services and technical solutions that are based upon today's leading technologies and that are capable of adapting to future technologies. The Company needs to invest in technology to meet its customers' changing needs. Technological development and research is expensive and requires long lead time. The Company may not be successful in identifying, developing and marketing products or systems that respond to rapid technological change, evolving technical standards and systems developed by others, and changing customer preferences. MDA's competitors may develop technology that better meets the needs of MDA's customers. If MDA does not continue to develop, manufacture and market innovative technologies or applications that meet customers' requirements in a timely and cost-effective way, sales may suffer and the Company's business may not continue to grow in line with historical rates or at all. If MDA is unable to achieve sustained growth, it may be unable to execute its business strategy, expand its business or fund other liquidity needs and its business prospects, financial condition and results of operations could be materially and adversely affected.

The Company may experience design, manufacturing, marketing and other difficulties that could delay or prevent the development, introduction or acceptance of new products, systems and enhancements. There can be no assurance that the Company will be able to anticipate and achieve the technological advances necessary to remain competitive and profitable, that new products or systems will be developed and manufactured on schedule or on a cost-effective basis or that the Company's existing products or systems will not become technologically obsolete. The Company's failure to accurately predict the needs of current and prospective customers, and to develop products, systems or enhancements that address those needs and gain market acceptance, may result in the loss of current customers or the inability to secure new customers.

The Company's revenue, results of operations and reputation may be negatively impacted if the Company's products contain defects or fail to operate in the expected manner.

The Company sells complex and technologically advanced space systems, products, hardware and software that can contain defects in design, manufacture and software implementation. Sophisticated software such as those developed by the Company may contain defects that can unexpectedly interfere with the software's intended operation. Defects may also occur in components and products that the Company purchases from third parties. In addition, many of the products developed by the Company must function under demanding and unpredictable operating conditions and in harsh and potentially destructive environments. The Company employs sophisticated design and testing processes and practices which include a range of stringent factory and on-site acceptance tests with criteria and requirements jointly developed with the customers. However, there can be no assurance that the Company's products will be successfully implemented, will pass required acceptance criteria, or will operate or will provide the desired outputs or other results. The Company may also agree to the in-orbit delivery of services, adding further risks to its ability to perform under the contract due to defects or complications that may occur in the delivery process. Failure to achieve successful in-orbit delivery of such products could result in significant penalties and other obligations to the Company. Despite testing, our products have contained defects and errors and may in the future contain defects or errors, or experience performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our customers for a period of time. These problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, and diversion of our personnel's attention from our product development efforts. There can be no assurance that the Company will be able to detect and fix all defects in the products, hardware and software it sells or resolve any delays or availability issues in the launch services it procures. Failure to do so could result in lost revenue, harm to reputation, and significant warranty and other expenses, and could have a material adverse impact on the Company's financial condition and operating results. In addition, a failure with respect to any satellite may adversely affect the perception by the Company's customers of the quality of its products and may materially and adversely affect the Company's ability to win new awards of contracts.

The Company may have potential contractual liability for errors or defects in its products or systems.

There is a risk that the Company's satellite systems or products may contain errors or defects or fail to perform as intended. While the Company strives to contractually limit its liability for damages arising from its provision of satellites systems or products, such limitations of liability, may not have been included in all of the Company's past contractual arrangements or sales nor may any such limitations of liability be at levels that if incurred, would not have an adverse effect on the Company's operating results and financial condition. Additionally, where such limitations have been included, there can be no assurance that they will be enforceable in all circumstances or in all jurisdictions or that they otherwise will protect the Company from liability for any claims or damages except as any insurance coverage applies. Furthermore, the existence of defects, errors or failures in our products could lead to litigation against us, which, regardless of contractual terms, could result in substantial cost to the Company, divert management's attention and resources from the Company's operations and result in negative publicity that may impair the Company's ongoing marketing efforts. The Company's product liability insurance (covering risk of property damage and personal injury) and errors and omissions insurance and warranty limitations in its contracts may not cover any or all of any claims.

The Company is dependent on its ability to attract, train and retain employees. The Company's inability to do so, or the loss of key personnel, would cause serious harm to the Company's business.

The Company's growth and success is largely dependent on the abilities and experience of its executive officers and other highly qualified personnel. We rely on our senior management to generate business and execute programs successfully, and in order to maintain the Company's ability to compete, it must continuously retain the services of a core group of specialists in a wide variety of disciplines. In addition, some projects require a significant number of highly skilled personnel. For example, the Company currently estimates that approximately 400 engineers will need to be hired across the Company's business in connection with the development of Canadarm3. Competition for highly skilled management, technical, research and development and other personnel is intense in MDA's industry. MDA may not be able to retain its current executive officers or key personnel or attract and retain additional executive officers or key personnel as needed to deliver on its corporate strategy, which could have a material adverse impact upon the Company's growth, operations and profitability. To the extent that the demand for qualified personnel exceeds supply, MDA could experience higher labour, recruiting or training costs in order to attract and retain such employees, or could experience difficulties in performing under contracts if the Company's need for such employees is unmet. If we are not successful in hiring and retaining qualified engineers and other personnel, future product development efforts could be adversely affected and we may be unable to implement our growth strategy.

Some of the Company and its suppliers' workforces are represented by labour unions, which may lead to work stoppages.

Approximately 45% of our total workforce, was represented by labour unions as of the date of this prospectus. The Company may experience work stoppages organized by labour unions, which could adversely affect its business. While historically, the Company has maintained good relationships with labour unions, the Company cannot predict how stable its relationships with labour unions will be or whether it will be able to meet the labour unions' requirements without impacting its financial condition. On renewal, collective bargaining agreements could call for higher wages or benefits paid to union members, which would increase our operating costs. The labour unions may also limit the Company's flexibility in dealing with its workforce. Labour union actions at suppliers can also affect the Company. Work stoppages and instability in the Company's relationships with labour unions could delay the production and/or development of its products, which could strain relationships with customers and cause a loss of revenues which would adversely affect operations.

The Company's technology may violate the proprietary rights of third parties.

The Company may become subject to claims from third parties that software and other forms of intellectual property that the Company uses in delivering services and solutions to its customers infringe upon intellectual property rights of such third parties. Certain software modules and other intellectual property used by the Company or in the Company's satellites systems and products make use of or incorporate licensed software components and other licensed technology. These components are developed by third parties over whom the Company has no control. The Company has no assurances that those components do not infringe upon the intellectual property rights of others or that in the combination used by the Company does not infringe on the rights of others. The Company could be exposed to infringement claims and liability in connection with the use of those software or technology components. The Company may be forced to replace those components with internally developed, purchased or other licensed software or technology, pay royalties or be liable to indemnify its customers on the use of the software components, or suffer loss of business due to outstanding intellectual property infringement legal claims.

It is also possible that the Company may infringe current or future third-party patents or third-party trade secrets. In the event of infringement, the Company could be required to pay royalties or damages and/or obtain a license from the patent holder, refund money to customers for components that are not useable or redesign its products to avoid infringement, all of which would increase the Company's costs. The Company could also be subject to injunctions prohibiting it from using components or methods. The Company may also be required under the terms of its customer contracts to indemnify its customers for damages relating to infringement. Any claim of infringement could cause the Company to incur substantial costs defending against the claim even if the claim is invalid, and could distract management from other business.

The Company's intellectual property may be misappropriated or infringed upon by third parties.

To protect its proprietary rights, the Company relies on a combination of patent protections, copyrights, trade secrets, trademark laws, confidentiality agreements with employees, independent contractors and third parties, and protective contractual provisions such as those contained in license agreements with consultants, subcontractors, vendors and customers. There can be no assurance that the steps taken to protect the Company's technology will prevent misappropriation or infringement. An infringement or misappropriation could harm any competitive advantage the Company currently derives or may derive from its proprietary rights. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise the Company's ability to enforce its trade secret and intellectual property rights. The Company's patents include those relating to communications, robotics, power control systems, antennae, filters and oscillators, phased arrays and thermal control as well as assembly and inspection technology. The patents held by the Company expire at various times. There is a risk that competitors could challenge or infringe the Company's patents.

Litigation may be necessary to enforce or protect the Company's intellectual property rights, its trade secrets or determine the validity and scope of the proprietary rights of others. Such litigation may be time-consuming and expensive to prosecute or defend and could result in the diversion of time and resources. In addition, competitors may design around the Company's technology or develop competing technologies, or others may independently discover the Company's trade secrets and proprietary information, and in such cases the Company could not assert any trade secret rights against such parties. The loss of trade secret protection could make it easier for third parties to compete with the Company's services by copying functionality. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

Any significant disruption in or unauthorized access to the Company's IT networks and related systems or those of third parties that the Company utilizes in its operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, or theft of intellectual property, any of which could materially adversely impact the Company's business.

The Company faces the risk of a security breach or other significant disruption of its IT networks and related systems, whether through cyber-attack or cyber intrusion via the Internet, malware, computer viruses, deliberate malfeasance of persons with access to our systems and email attachments to persons with access to the Company's systems, originating from a number of sources including hostile foreign governments. The Company also faces the added risk of a security breach or other serious disruption of the systems that it develops and installs for customers or that it develops and provides in any of its products, and those of the third parties that it utilizes in its operations. As a provider of complex systems, the Company faces a heightened risk of security breach or disruption from threats to gain unauthorized access to the Company's and its customers' proprietary or classified information stored on the Company's networks and related systems and to certain of the equipment used in a customers' network or related systems.

These types of information and IT networks and related systems are critical to the operation of the Company's business and essential to its ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of the Company's customers. There can be no assurance that the Company's security efforts and measures will be effective or that attempted security breaches or disruptions will not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber-attacks and intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, the Company may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for the Company to entirely mitigate this risk. A security breach or other significant disruption involving these types of information and IT networks and related systems could: disrupt the proper functioning of these networks and systems and therefore the Company's operations and/or those of certain of its customers; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of the Company or its customers or suppliers, including trade secrets, which others could use to compete against the Company or for disruptive, destructive or otherwise harmful purposes and outcomes; compromise other sensitive government functions; damage the Company's reputation with its customers (particularly agencies of various governments) and the public generally; require remediation and incident response costs; and lead to regulatory inquiries, litigation and potential liability. In addition, the cost of continually defending against cyber-attacks and breaches has increased in recent years and future costs and any or all of the foregoing could have a material adverse effect on the Company's business and results of operations.

The Company also relies on its subcontractors and suppliers to effectively mitigate the risk of cyber and security threats the information entrusted to them by the Company or its customers. If the Company's suppliers or subcontractors are the subject of cyber or other security threats or disruptions, it could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company has in the past experienced a data breach caused by a vulnerability in a third party application, which resulted in the potential disclosure of certain intellectual property. The Company has since migrated to a new application with enhanced protections and safeguards.

The Company is dependent on data and systems, and cannot prevent all possible errors or threats.

The Company maintains, at various locations, databases of information and systems infrastructure. Such systems are required to be available without interruption on a continuous basis to meet contractual service level obligations, and to ensure the Company's communications, data, and operational needs are met. System security network threats are frequent and mechanical or software errors may cause system corruption or failure. In addition, the databases are subject to similar security threats and data corruption or loss may occur as a result of such security threats or malfunction of software or hardware. Errors in data could lead to significant liability to the Company if the Company's customers relied on such incorrect data. Although the

Company provides for redundancy, disaster recovery, tested systems and network security, such systems and procedures may not operate as expected and cannot prevent all possible errors or threats.

Certain of the products offered by the Company are dependent on data supplied by third parties.

Certain of the products offered by the Company rely on data supplied by third parties. Contracts for data supply normally have provisions which permit either party to terminate the agreement in the event of a breach by the other party. There may, however, be costs to the Company associated with its breach of such contracts and the acquisition of software and/or data to be provided in its products. In the event that any of such contracts are terminated, or a data provider is not otherwise able to provide data, the Company may experience delays in obtaining data from alternative sources which may affect the Company's operations or financial condition. The Company also sources data from various third parties without formal contracts applying to such transactions. There can be no assurance that the Company will be able to continually acquire data from all government or other sources at a cost that permits the Company to realize a profit. If the Company is unable to protect sensitive information, its customers and governmental authorities could question the adequacy of the Company's threat and error mitigation and detection systems and procedures. The costs related to system security network threats and disruptions may not be fully insured or indemnified by other means. Any occurrence of these events could have a material adverse impact on the Company's operations, reputation, competitive advantages and financial condition.

The Company's business is subject to various regulatory risks that could adversely affect its operations.

The environment in which the Company operates is highly regulated due to the sensitive nature of its complex and technologically advanced systems, products, hardware and software, in addition to those regulations broadly applicable to publicly listed corporations. There are numerous regulatory risks that could adversely affect operations, including but not limited to:

- Export Restrictions. Certain of the systems, products, services or technologies the Company has developed require the implementation or acquisition of products or technologies from third parties, including those in other jurisdictions. In addition, certain of the Company's systems, products, services or technologies may be required to be forwarded or exported to other jurisdictions. In certain cases, if the use of the technologies can be viewed by the jurisdiction in which that supplier or subcontractor resides as being subject to export constraints or restrictions relating to national security, the Company may not be able to obtain the technologies and products that it requires from subcontractors who would otherwise be the preferred choice or may not be able to obtain the export permits necessary to transfer or export technology. To the extent that the Company is able, it obtains pre-authorization for re-export prior to signing contracts which oblige it to export subject technologies, including specific foreign government approval as needed. In the event of export restrictions, the Company may have the ability through contract force majeure provisions to be excused from its obligations. Notwithstanding these provisions, the inability to obtain export approvals, export restrictions or changes during contract execution or non-compliance by customers could have an adverse effect on the Company's revenues and margins.
- Government Approval Requirements. For certain aspects of its business operations, the Company is required to obtain government licenses and approvals and to enter into agreements with various government bodies in order to export satellites and related equipment, to disclose technical data or provide defense services to foreign persons. The delayed receipt of or the failure to obtain the necessary government licenses, approvals and agreements may prohibit entry into or interrupt the completion of contracts which could lead to a customer's termination of a contract for default, monetary penalties and/or the loss of incentive payments.
- Anti-Corruption Laws. As part of the regulatory and legal environments in which the Company operates, it is subject to global anti-corruption laws that prohibit improper payments directly or indirectly to government officials, authorities or persons defined in those anti-corruption laws in order to obtain or retain business or other improper advantages in the conduct of business. The Company's policies mandate compliance with anti-corruption laws. The Company may from time to time engage agents and other third parties in various jurisdictions in connection with its contracts and operations in those jurisdictions. While the Company has measures in place to select and oversee such agents and

third parties, the Company cannot control or monitor all activities of such agents and third parties. Failure by the Company's employees, agents, subcontractors, suppliers and/or partners to comply with anti-corruption laws could impact the Company in various ways that include, but are not limited to, criminal, civil and administrative fines and/or legal sanctions and the inability to bid for or enter into contracts with certain entities, all of which could have a significant adverse effect on the Company's reputation, operations and financial results.

The Company relies on its subcontractors and suppliers to comply with applicable laws and regulations. In some circumstances, the Company relies on certifications provided by subcontractors and suppliers regarding their compliance. If the Company's subcontractors or suppliers do not comply with all applicable laws and regulations or if the certifications received from them are inaccurate, it could have a material adverse effect on our financial position, results of operations and/or cash flows.

It is possible that the laws and regulations governing our business and operations will change in the future. There may be a material adverse effect on our financial condition and results of operations if we are required to alter our business to comply with changes in both domestic or foreign regulations, telecommunications standards, tariffs or taxes and other trade barriers that reduce or restrict our ability to sell our products and services. Any failure to comply with such regulatory requirements could also subject us to various penalties or sanctions.

The Company's operations are subject to governmental law and regulations relating to environmental matters, which may expose it to significant costs and liabilities that could negatively impact its financial condition.

The Company is subject to various federal, provincial, state and local environmental laws and regulations relating to the operation of its businesses, including those governing pollution, the handling, storage, disposal and transportation of hazardous substances, and the ownership and operation of real property. Such laws and regulations may result in significant liabilities and costs and the loss of permits required to conduct certain operations. There can be no assurance that a failure to comply with such laws and regulations would not have a material adverse effect on the Company's business in the future. In addition, new laws and regulations, more stringent enforcement of existing laws and regulations or the discovery of previously unknown contamination could result in additional costs.

The Company's international business exposes it to risks relating to increased regulation, and political or economic instability in foreign markets, which could adversely affect the Company's revenue.

In the year ended December 31, 2020, approximately 72% of the Company's revenue was derived from non-Canadian sales, and the Company intends to continue to pursue international contracts. International operations are subject to certain risks, such as: changes in domestic and foreign governmental regulations and licensing requirements; deterioration of relations between Canada and a particular foreign country; increases in tariffs and taxes and other trade barriers; foreign currency fluctuations; changes in political and economic stability in the countries in which the Company conducts business; effects of austerity programs or similar significant budget reduction programs; potential preferences by prospective customers to purchase from local (non-Canadian) sources; the costs of complying with a variety of Canadian, U.S. and international laws and regulations; the complexity and necessity of using foreign representatives and consultants; the inability to obtain required Canadian, U.S. or foreign country export licenses; and difficulties in obtaining or enforcing judgments in foreign jurisdictions.

In addition, MDA's international contracts may include industrial cooperation agreements requiring specific in-country purchases, investments, manufacturing agreements or other financial obligations, known as offset obligations, and provide for penalties if the Company fails to meet such requirements. The impact of these factors is difficult to predict, but one or more of them could adversely affect the Company's financial position, results of operations, or cash flows.

The Company's employees or others acting on the Company's behalf may engage in misconduct or other improper activities, which could cause the Company to lose contracts or incur costs.

The Company is exposed to the risk that fraud or other misconduct by employees or others acting on the Company's behalf could occur. Misconduct by employees or others could include intentional failures to comply with government procurement regulations, engaging in unauthorized activities, insider threats to the Company's cybersecurity, or falsifying time records. Misconduct by employees or others acting on the Company's behalf could also involve the improper use of customers' sensitive or classified information, which could result in regulatory sanctions against the Company, serious harm to its reputation, a loss of contracts and a reduction in revenues, or cause the Company to incur costs to respond to any related governmental inquiries. It is not always possible to deter misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could cause the Company to lose contracts or cause a reduction in revenues. In addition, alleged or actual misconduct by employees or others acting on the Company's behalf could result in investigations or prosecutions of persons engaged in the subject activities, which could result in unanticipated consequences or expenses and management distraction for the Company regardless of whether it is alleged to have any responsibility.

The Company may experience such misconduct despite its various compliance programs. Misconduct or improper actions by employees, agents, subcontractors, suppliers, business partners and/or joint ventures could subject the Company to administrative, civil or criminal investigations and enforcement actions; monetary and non-monetary penalties; liabilities; and the loss of privileges and other sanctions, including suspension and debarment, which could negatively impact the Company's reputation and ability to conduct business and could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

The Company may not be successfully able to consummate or integrate acquisitions, which may harm the Company's ability to develop and grow its business and operations, and the Company may be subject to ongoing liabilities in connection with divestitures.

The Company has in the past and may continue to expand its operations and business by acquiring additional businesses, products or technologies. There can be no assurance that the Company will be able to identify, acquire, obtain the required regulatory approvals, or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational, regulatory, or financial problems. Furthermore, acquisitions may involve a number of additional risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances and unidentified pre-closing liabilities and other legal liabilities, some or all of which could have an adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income growth. Acquisitions could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its acquisitions strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

When divesting of certain businesses of the Company, the Company may not be able to obtain releases from counterparties under contracts for such divested businesses and may be required to provide indemnities to third parties or the purchaser with respect to such divested businesses. The Company will have little control over any divested business and may be called on to perform under contracts or indemnities without control. There can be no certainty that the Company will be indemnified by the purchaser for these continuing obligations. These obligations could result in the Company being liable for payment of damages, costs and penalties related to non-performance of a contract. The sale agreement for a divested business contains indemnification provisions pursuant to which the Company may be required to indemnify the purchaser of the divested business for liabilities, losses, or expenses arising out of breaches of covenants and certain breaches of representations and warranties (including breaches of representations and warranties stated to be based on the knowledge of specified persons) relating to the condition of the divested business prior to and at the time of sale. There is a possibility that other facts may become known in the future which may subject the Company to claims for additional liabilities or expenses beyond those presently anticipated and provided for. In addition, a purchaser may make allegations relating to disclosures made to it as part of any sale process, in addition to any contractual obligations that the Company may have to the purchaser. The Company may also not be able to invest or utilize the net proceeds realized by the Company in the divestiture of a business, in a manner to achieve the same return to the Company that had been historically realized by the divested business. Any action taken by others against the Company on any continuing obligations related to a divested business, any claim of a material amount under any indemnity, and the inability to utilize the net proceeds of a divestiture in a manner that maximizes the Company's return could have a material adverse effect on the Company's business and results of operations.

We have significant goodwill and identifiable intangible assets recorded on our balance sheet which may be subject to impairment losses that would reduce our reported assets and earnings.

Identifiable intangible assets and goodwill, arising from acquired businesses, comprise a substantial portion of our total assets. At December 31, 2020, our total assets were approximately $1.5 billion, of which approximately $416.1 million, or 28.6%, was goodwill and approximately $585.7 million, or 40.3%, was identifiable intangible assets. Economic, legal, regulatory, competitive, contractual and other factors may affect the value of goodwill and identifiable intangible assets. If any of these factors impair the value of these assets, accounting standards require us to reduce their carrying value and recognize an impairment charge, which would reduce our reported assets and earnings in the year the impairment charge is recognized. Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that its carrying amount may be less than its recoverable amount. Our intangibles are all finite lived intangible assets, and as a result, are required to be tested for impairment whenever indicators of impairment arise. Any impairment charges in the future may have a material adverse affect on our financial results.

The Company may not receive the full amounts estimated under the contracts in its backlog, which could reduce revenue in future periods below the levels anticipated. This makes backlog an uncertain indicator of future operating results.

Backlog is typically subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenues. The contracts comprising the Company's backlog may not result in actual revenue in any particular period or at all, and the actual revenue from such contracts may differ from backlog estimates. The timing of receipt of revenues, if any, on projects included in backlog could change because many factors affect the scheduling of projects. Cancellation of or adjustments to contracts may occur. The failure to realize all amounts in the Company's backlog could adversely affect revenues and gross margins. As a result, the Company's funded, unfunded and total backlog as of any particular date may not be an accurate indicator of the Company's future earnings.

A portion of the Company's contracts are firm fixed price contracts.

A large portion of the Company's contracts are firm fixed price contracts. These firm fixed price contracts at times involve the completion of satellite system development and manufacturing, large-scale system engineering, software, hardware and product development projects. There is a risk in every firm fixed price contract that the Company will be unable to deliver under the contract within the time specified and at a cost to the Company which is less than the contract price. The technical nature and complexity of the satellite systems and products deliverable under these contracts may require amendments to be negotiated from time to time, subject to agreed contract change processes. In the absence of any agreement to such amendments which increase the price payable or extend delivery times when deliveries are late, cost overruns may occur and customers may be in a position to terminate the contract, or to demand repayments or penalties. A termination of a contract for default or a significant cost overrun that is caused by actions or inactions by the Company could adversely affect the Company's results of operations and financial condition.

In addition, many of the Company's contracts may be terminated for convenience by the customer. In the event of such termination, the Company may, in some cases, be entitled to recover the purchase price for delivered items, reimbursement for allowable costs for work in process and/or an allowance for profit or an adjustment for loss, depending on whether completion of the project would have resulted in a profit or loss.

The Company's cash flow and profitability could be reduced if expenditures are incurred prior to the final receipt of a contract.

The Company provides various professional services, specialized products, and sometimes procures equipment and materials on behalf of customers under various contractual arrangements. From time to time, in order to ensure that the Company satisfies customers' delivery requirements and schedules, the Company may elect to initiate procurement in advance of receiving final authorization from the government customer or a prime contractor. In addition, from time to time, the Company may build production units in advance of receiving an anticipated contract award. If a government or prime contractor customer's requirements should change or if the government or the prime contractor should direct the anticipated procurement to another contractor, or if the anticipated contract award does not materialize, or if the equipment or materials become obsolete or require modification before the Company is under contract for the procurement, the investment in the equipment or materials might be at risk if the Company cannot efficiently resell them. This could reduce anticipated earnings or result in a loss, negatively affecting the Company's cash flow and profitability.

The Company's ability to obtain additional debt or equity financing or government grants to finance operating working capital requirements and growth initiatives may be limited or difficult to obtain, which could adversely affect the Company's operations and financial condition.

The Company requires capital to finance operating working capital requirements and future growth and to pay its outstanding debt obligations as they come due for payment. If the cash generated from the Company's business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, the Company will require additional debt or equity financing. The Company's ability to access capital markets on terms that are acceptable will be dependent on prevailing market conditions, as well as the Company's future financial condition. Further, the Company's ability to increase its debt financing and/or renew existing facilities may be limited by its financial covenants, its credit objectives, or debt capital market conditions. There can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs will not be adversely affected. In addition, the Company's current financing arrangements contain certain restrictive covenants that may impact the Company's future operating and financial flexibility.

The Company's current financing arrangements contain certain restrictive covenants that impact its future operating and financial flexibility. The Company's debt funding is provided under the Credit Agreement and Note Indenture, which contain a series of positive and negative covenants with which the Company must comply, including the achievement or maintenance of stated financial ratios. If the Company fails to comply with any covenants and is unable to obtain a waiver thereof, the lenders may be able to take certain actions with respect to the amounts owing under such agreements, including early payment thereof. Any such actions could have a material adverse effect on the Company's financial condition. These covenants could also have the effect of limiting MDA's flexibility in planning for or reacting to changes in its business and the markets in which it operates compete.

In addition, the Company enters into various financial derivative contracts with banks as counterparties. Failure of a counterparty to meet its obligations under a derivative contract could result in a material adverse effect to the Company's results of operations and financial condition. The Company limits its counterparty exposure to that of large banks and monitors their financial standing.

The Company also depends on certain financing arrangements to be completed by some of its key customers. The inability by the Company's customers to arrange satisfactory financing on a timely basis could have an impact on the Company's business, results of operations and financial condition.

Furthermore, the Company has in the past, and may continue in the future to, receive government grants for research and development activities and other business initiatives. Any agreement or grant of this nature with government may be accompanied by contractual obligations applicable to MDA, which may result in the grant money becoming repayable if certain requirements are not met. A failure to meet contractual obligations under such agreements and grants and a consequent requirement to repay money received could negatively impact the Company's results of operations and financial condition.

Our indebtedness and other contractual obligations could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts and could divert our cash flow from operations for debt payments.

Our level of indebtedness may increase the possibility that we may be unable to generate cash sufficient to pay the principal of, interest on, or other amounts due with respect to our indebtedness. Our long-term debt under our First Lien Credit Facilities bears interest at floating rates, plus a margin. As a result, our interest payment obligations on such indebtedness will increase if such interest rates increase. Our leverage and debt service obligations could adversely impact our business, including by:

- impairing our ability to meet one or more of the financial ratios contained in our credit facilities or to generate cash sufficient to pay interest or principal, including periodic principal payments;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional debt or equity financing on favorable terms, if at all;
- requiring the dedication of a portion of our cash flow from operations to service our debt, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures or to pursue future business opportunities;
- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete.

Any of the forgoing factors could have negative consequences on our financial condition and results of operation.

The Company's debt servicing costs could increase.

Borrowing rates are near historical lows in Canada. If the Canadian economy strengthens, the Company would expect interest rates to rise. An increase in interest rates would result in higher interest expense on borrowing tied to variable rates of interest, partially offset by lower current or deferred income tax expense. Furthermore, adverse credit market conditions could limit the Company's ability to refinance its credit facilities.

Changes affecting the availability of the London Interbank Offered Rate ("LIBOR") may have consequences for us that cannot yet reasonably be predicted.

We have outstanding debt with variable interest rates that includes rates based on LIBOR. In July 2017, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. It is unclear if at that time whether or not LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. Recent proposals for LIBOR reforms may result in the establishment of new methods of calculating LIBOR or the establishment of one or more alternative benchmark rates.

The uncertainty regarding the future of LIBOR, as well as the transition from LIBOR to another benchmark rate or rates could have adverse impacts on our outstanding debt that currently uses LIBOR as a benchmark rate, and ultimately, adversely affect our financial condition and results of operations.

If tax laws change or the Company experiences adverse outcomes resulting from examination by the tax authorities of its income tax returns, the Company's results of operations could be adversely affected.

The Company is subject to federal, provincial and local income taxes in Canada and in foreign jurisdictions. The Company's future effective tax rates and the value of its deferred tax assets could be adversely affected by changes in tax laws. In addition, the Company is subject to the examination of its income tax returns by Canada Revenue Agency and other tax authorities, and it may be subject to assessments for additional taxes. In computing our tax obligations we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of its provision for income tax. Significant judgment is required in determining the Company's worldwide provision for income taxes. Changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect the Company's business, financial condition and results of operations.

The Company routinely makes accounting estimates and judgments. If these are proven to be incorrect, subsequent adjustments could require the Company to restate its historical financial statements.

Contract accounting requires the Company to exercise judgment when assessing risks, estimating contract revenues and costs, and making assumptions for scheduling and technical issues. Due to the nature of many of the Company's contracts, the estimation of total revenues and costs at completion is complicated and subject to many variables. Incentives and penalties related to performance on contracts are considered in estimating revenue and profit rates, and are recorded when there is sufficient information for the Company to reasonably assess anticipated performance. Suppliers' expected performance is also assessed and considered in estimating costs and profit rates.

Because of the significance of factors outside of the Company's control in the estimation processes described above, it is possible that materially different amounts could be obtained if different assumptions were used or if the underlying circumstances or estimates were to change or ultimately be different from the Company's expectations. Changes or inaccuracies in underlying assumptions, circumstances or estimates may have a material adverse effect upon the financial results of future periods.

Some of the Company's contracts provide for payments contingent upon successful operation of a satellite, system or product. While the Company may procure insurance policies that the Company believes would indemnify it for fees that are not earned and for performance refund obligations, insurance may not continue to be available on economical terms, if at all. Further, the Company may elect not to procure insurance. In addition, some of the Company's contracts require the Company to pay penalties or damages in the event that satellites, systems or products are not delivered on a timely basis, or to refund cash receipts if a contract is terminated for default prior to delivery. The Company's failure to receive incentive payments, or a requirement that the Company refund amounts previously received or that it pay delay penalties, could have a material adverse effect on its financial condition and results of operations.

The adoption of new accounting standards or interpretations could adversely affect the Company's financial results.

The Company's implementation of and compliance with changes in accounting rules and interpretations could adversely affect its operating results or cause unanticipated fluctuations in its results in future periods. The accounting rules and regulations that the Company must comply with are complex and continually changing. The Company cannot predict the impact of future changes to accounting principles on its financial statements going forward.

Failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on the Company's business and the market price of the Common Shares.

The Company is not currently required to comply with National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). As a publicly-traded company with its Shares admitted to trading on the TSX , the Company will become subject to reporting and other obligations under applicable Canadian securities laws and the rules of the TSX, including NI 52-109. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. In order to meet such requirements, the Company will, among other things, establish systems, implement financial and management controls, reporting systems and procedures and, if necessary, hire qualified accounting and finance staff. However, if the Company is unable to accomplish any such necessary objectives in a timely and effective manner, the Company's ability to comply with its financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Common Shares.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Certain commercial satellite customers are highly leveraged and may not fulfill their contractual payment obligations, including vendor financing.

The Company has certain commercial customers that are either highly leveraged or are in the development stages and may not be fully funded. There is a risk that these customers will be unable to meet their payment obligations under their contracts. In the event that any of the Company's customers encounter financial difficulties, the Company's cash flows and liquidity may be materially and adversely affected. The Company may not be able to mitigate these effects because it manufactures its products to each customer's specifications and generally purchases materials in response to a particular customer contract.

Moreover, some of the satellite contracts include orbital receivables, and certain satellite contracts may require the Company to provide vendor financing to or on behalf of its customers, including guarantees or a combination of these contractual terms. To the extent that the Company's contracts contain orbital receivables provisions or the Company provides vendor financing to or on behalf of its customers, the Company's financial exposure is further increased. In some cases, these arrangements are provided to (i) customers that are new companies, (ii) companies in the early stages of building new businesses or (iii) highly leveraged companies, in some cases, with near-term debt maturities. These companies or their businesses may not be successful and, accordingly, they may not be able to fulfil their payment obligations under their contracts.

The Company has provided, and may provide in the future, partial financing of working capital to or on behalf of its customers to enable it to remain competitive in certain satellite construction contracts.

The Company has provided, and may provide in the future, partial financing of working capital to or on behalf of its customers to enable it to remain competitive in certain satellite construction contracts. The Company has in the past, or currently, implemented these investments in the form of orbital receivables, work-in-progress, performance guarantees, or bridge financing indemnification of third party lenders. The Company may also arrange for partial or full third party financing with Export Credit Agencies to be provided to its customers, which may be partially guaranteed by the Company. In addition, if a customer defaults on an obligation to the Company or to an indemnified third party, this could have a significant impact on the Company's business and results of operations. Financing provided both by the Company and third party financing arranged by the Company may be linked to the Company's ability to deliver the satellite in orbit. If the Company cannot achieve a successful in orbit delivery, the Company could be liable for repayment of amounts received from third party finance providers and could forfeit amounts financed by the Company and any future amounts that would otherwise been earned. The Company undertakes significant customer due diligence prior to providing any financial support to customers and may attempt to limit its exposure through the use of insurance products and other contractual measures but there can be no assurance that such products will be available or will be at a cost that is economically viable.

A small number of the Company's systems and satellite construction contracts permit its customers to pay a portion of the purchase price based on future performance.

A small number of the Company's systems and satellite construction contracts permit its customers to pay a portion of the purchase price based on future performance. For satellite systems (which may include launch and performance) approximately 10% of the purchase price may be paid over the life of the satellite (typically 15 years) subject to the continued performance of the satellite, referred to as orbital receivables. Since these orbital receivables could be affected by future satellite performance, the Company may not be able to collect all or a portion of these receivables. The Company generally does not insure for these orbital receivables and, in some cases, agrees with its customers not to insure them.

The Company records the present value of orbital receivables as revenue during the construction of the satellite, which is typically two to three years. The Company generally receives the present value of these orbital receivables if there is a launch failure or a failure caused by customer error. The Company forfeits some or all of these payments, however, if the loss is caused by satellite failure or as a result of its own error.

In addition to performance of the satellite, there can be no assurance that a customer will not delay payment of an orbital receivable to, or seek financial relief from, the Company if such customer has financial difficulties. Nonpayment of an orbital receivable by a customer for performance or other reasons could have an adverse effect on the Company's cash flows. In addition, if the Company's customers fall behind or default on payments of orbital receivables, the Company's liquidity will be adversely affected.

Some of the Company's satellite construction contracts provide for performance incentives to the customer in the form of warranty payback, which means that in the event satellite anomalies develop after launch, the Company would owe the customer a specified penalty payment. The Company does not insure these contingent liabilities. The Company has recorded reserves in its financial statements based on current estimates of its warranty liabilities. There is no assurance that the Company's actual liabilities to its customers in respect of these warranty liabilities will not be greater than the amount reserved.

Future satellites may be subject to construction and launch delays, launch failures, damage or destruction during launch, the occurrence of which could materially and adversely affect our operations.

Delays in the construction of future satellites and the procurement of requisite components and launch vehicles, limited availability of appropriate launch windows, possible delays in obtaining regulatory approvals, satellite damage or destruction during launch, launch failures, or incorrect orbital placement could have a material adverse effect on our business, financial condition and results of operations. The loss of, or damage to, a future satellite due to a launch failure could result in significant delays in anticipated revenue to be generated by that satellite. Any significant delay in the commencement of service of a satellite would delay or potentially permanently reduce the revenue anticipated to be generated by that satellite. In addition, if the loss of a satellite were to occur, we may not be able to accommodate affected customers with our other satellites or data from another source until a replacement satellite is available, and we may not have on hand, or be able to obtain in a timely manner, the necessary funds to cover the cost of any necessary satellite replacement. Any launch delay, launch failure, underperformance, delay or perceived delay could have a material adverse effect on our results of operations, business prospects and financial condition.

The Company's continued growth in the commercial satellite market is dependent on the growth in the sales of services provided by its customers as well as the development by its customers of new services.

The Company's growth in the commercial satellite market is dependent on the growth in the sales of services provided by its customers as well as the development by its customers of new services. If the Company fails to anticipate changes in the businesses of its customers and their changing needs, or fails to successfully identify and enter new markets, the Company's results of operations and financial position could be adversely affected. The markets that the Company serves may not grow in the future and the Company may not be able to maintain adequate gross margins or profits in these markets. A decline in demand in one or several end-user markets of the Company's customers could have a material adverse effect on the demand for the Company's products and services and have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business strategy is in part dependent on the Company's ability to formulate corporate alliances with leading companies.

A key element of the Company's business strategy is the formation of corporate alliances with leading companies. The Company invests significant resources to develop these relationships. The Company believes that its success in penetrating new markets for its products will depend in part on its ability to maintain these relationships and to cultivate additional or alternative relationships. There can be no assurance that the Company will be able to develop additional corporate alliances with such companies, that existing relationships will continue or be successful in achieving their purposes or that such companies will not form competing arrangements. Any elimination or change of alliances or the formation by others of competing alliances could have an adverse effect on the Company's revenues and financial condition.

The market may not accept the Company's products and services.

The Company cannot accurately predict whether its products and services will achieve significant market acceptance or whether there will be a market for its products and services on terms it finds acceptable. Market acceptance of the Company's products and services depends on a number of factors, including the quality, scope, timeliness, sophistication, price and the availability of substitute products and services. Lack of significant market acceptance of the Company's offerings, delays in acceptance, failure of certain markets to develop or the Company's need to make significant investments to achieve acceptance by the market would negatively affect its business, financial condition and results of operations. If the Company is unable to achieve sustained growth, it may be unable to execute its business strategy, expand its business or fund other liquidity needs and its business prospects, financial condition and results of operations could be materially and adversely affected.

The Company has certain fixed costs, which may reduce its flexibility to make certain reductions or changes in the event of a slowdown or downturn in the business.

The Company requires a large staff of highly skilled and specialized workers, as well as specialized manufacturing and test facilities, in order to perform under its satellite construction contracts. In order to maintain its ability to compete as one of the prime contractors for technologically advanced space satellites, the Company must continuously retain the services of a core group of specialists in a wide variety of disciplines for each phase of the design, development, manufacture and testing of its products. This reduces the Company's flexibility to reduce workforce costs in the event of a slowdown or downturn in its business. In addition, the manufacturing and test facilities that the Company owns or leases under long-term agreements are fixed costs that cannot be adjusted quickly to account for significant variance in production requirements or economic conditions.

Many of the Company's customers have specific security requirements that can change quickly and with little notice.

Many of the Company's customers, including governments, have specific security clearances, protocols and other requirements relating to the work that can be performed for it. These requirements can change quickly and with little notice causing reduction or even elimination of potential work for the Company and the ability of the Company to participate in future business. Any reduction or elimination of work could have an adverse effect on the revenues and margins of the Company.

Fluctuations in foreign exchange rates could have a negative impact on the Company's business.

The Company's financial results are reported in Canadian dollars. A substantial portion of the Company's revenues and expenses are denominated in U.S. dollars.

The Company uses hedging strategies to manage and minimize the impact of exchange rate fluctuations on its cash flow and economic profits. There are complexities inherent in determining whether and when foreign exchange exposures will materialize, in particular given the possibility of unpredictable revenue variations arising from schedule delays and contract postponements. Furthermore, the Company could be exposed to the risk of non-performance of its hedging counterparties. The Company may also have difficulty in fully implementing its hedging strategy depending on the willingness of hedging counterparties to extend credit. Accordingly, no assurances may be given that MDA's exchange rate hedging strategy will protect it from significant changes or fluctuations in revenues and expenses denominated in non-Canadian dollars.

MDA's revenues, expenses, assets and liabilities denominated in currencies other than the Canadian dollar are translated into Canadian dollars for the purposes of compiling its consolidated financial statements. Changes in the value of these currencies relative to the Canadian dollar will have an effect on the Canadian dollar value of the Company's reported consolidated revenues, expenses, assets, liabilities and earnings.

The Company's business involves significant risks and uncertainties that may not be covered by insurance.

The Company maintains an extensive program of insurance coverage in the normal course of business, consistent with similar businesses. In addition, the insurance program covers some of the unique risks encountered by the Company. There can be no assurance that such insurance will remain available to the Company at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by the Company. If the Company is held liable for amounts exceeding the limits of its insurance coverage or for claims outside the scope of that coverage, its business, results of operations and financial condition could be adversely affected.

The price and availability of insurance fluctuate significantly and the Company may not be able to obtain insurance coverage for in-orbit satellites in the future. Any determination that the Company makes as to whether to obtain insurance coverage will depend on a variety of factors, including the availability of insurance in the market, the cost of available insurance and the redundancy of any operating satellites. Insurance market conditions or factors outside the Company's control at the time it is in the market for the required insurance, such as failure of a satellite using similar components, could cause premiums to be significantly higher than current estimates and could reduce amounts of available coverage. The cost of the Company's insurance may increase in the future. Higher premiums on insurance policies will reduce the Company's operating income by the amount of such increased premiums. If the terms of in-orbit insurance policies become less favorable than those currently available, there may be limits on the amount of coverage that the Company can obtain or the Company may not be able to obtain insurance at all.

Current or future litigation could substantially harm the Company's business.

The Company is not currently involved in any material litigation; however, it may be involved in legal proceedings, investigations and other claims or disputes in the future.

In the course of the Company's business, we are, and in the future may be, a party to legal proceedings, investigations and other claims or disputes, which have related and may relate to subjects including commercial transactions, intellectual property, securities, employee relations, or compliance with applicable laws and regulations. The outcome of legal proceedings, investigations and other claims and disputes are inherently difficult to predict and as a result there is the risk that an unfavourable outcome could negatively affect the Company's business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of the Company. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms.

In connection with any government investigations, in the event the government takes action against us or the parties resolve or settle the matter, we may be required to pay substantial fines or civil and criminal penalties and/or be subject to equitable remedies, including disgorgement or injunctive relief. Other legal or regulatory proceedings, including lawsuits filed by private litigants, may also follow as a consequence. These matters are likely to be expensive and time consuming to defend, settle and/or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. They may also cause damage to our business reputation. The unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Some of the Company's contracts are classified, which may limit investor insight into portions of the Company's business.

The Company derives a portion of its revenues from programs with governments that are subject to security restrictions that preclude the dissemination of information that is classified for national security purposes or other reasons. The Company is limited in its ability to provide details about these classified programs, the risks or any disputes or claims relating to such programs. As a result, investors and others might have less insight into the Company's classified programs than the its other businesses and, therefore, less ability to fully evaluate the risks related to the Company's classified business.

The Company and/or its subsidiaries are required to post letters of credit or other forms of bonds and parental guarantees under a number of the Company's contracts.

In the case of a number of the contracts of the Company, letters of credit or other forms of bonds and parental guarantees are required to be posted by the Company or its subsidiaries to cover advance payments or progress payments received by the Company and its subsidiaries, or to cover the Company's or its subsidiaries' performance obligations. If these letters of credit or other bonds or parental guarantees are called in accordance with the terms and conditions included therein, the effect of such calls could have an adverse effect on the results of operations and financial condition of the Company.

The forward-looking statements contained in this prospectus may prove to be incorrect.

The forward-looking statements relating to, among other things, future results, performance, achievements, prospects or opportunities of the Company included in this prospectus (including, in particular, the information contained in the sections entitled "Prospectus Summary", "The Company", "Industry", "Growth Strategies", "Use of Proceeds" and "Management's Discussion and Analysis"), are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this prospectus. See "Forward-Looking Statements" and "Growth Strategies — Assumptions".

Growth may place significant demands on the Company's management and infrastructure.

The Company's growth may place significant demands on its management and its operational and financial infrastructure. The expansion of the Company's infrastructure would require it to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable products and service levels for its clients, develop and improve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Managing the Company's growth will require expenditures and allocation of valuable management resources. Failure to effectively manage growth could result in difficulty or delays in serving clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact the Company's business performance and results of operations.

The Company will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm its operating results.

As a public company whose shares are admitted to trading on the TSX, the Company will incur significant legal, accounting, investor relations and other expenses that it did not incur as a private company, including costs associated with the increased reporting requirements that apply to such companies. The Company also has incurred and will incur costs associated with current corporate governance requirements, including requirements implemented by the Ontario Securities Commission and the TSX. The Company expects these rules and regulations to increase its legal and financial compliance costs substantially and to make some activities more time-consuming and costly. The Company's management team does not have experience operating the Company as a public company whose shares are admitted to trading on the TSX and may not successfully or efficiently manage the Company's transition to being such a public company which is subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from the Company's management team and could divert their attention away from the day-to-day management of the Company's business. The Company also expects that, as a public company, it will be more expensive for it to obtain director and officer liability insurance and that it may be more difficult for the Company to attract and retain qualified individuals to serve on its Board of Directors or as its executive officers.

If the Company cannot maintain its corporate culture, the Company could lose valuable qualities from its workforce.

The Company believes that its corporate culture is a critical component of its success. As the Company develops the infrastructure of a public company and continues to grow, the Company may find it difficult to maintain these valuable aspects of its corporate culture. Failure to preserve its corporate culture could negatively impact the Company's future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Negative publicity could result in a decline in the Company's client growth and its business could suffer.

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is very important to attracting new clients as well as reaching additional agreements with existing clients. There can be no assurance that the Company will continue to maintain good relationships with its clients or avoid negative publicity. Any damage to the Company's reputation, whether arising from its conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting its financial reporting or compliance with the Ontario Securities Commission and TSX listing requirements, security breaches or otherwise could have a material adverse effect on its business.

The Company's risk management efforts may not be effective.

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk and other market-related risk, as well as operational risks related to its business, assets and liabilities. The Company's risk management policies, procedures and techniques may not be sufficient to identify all of the risks the Company is exposed to, mitigate the risks that the Company has identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

The Company may incur operating losses in the future.

The Company expects its operating expenses to increase in the future as it expands its operations. Furthermore, as a public company, it will incur legal, accounting and other expenses that it did not incur as a private company. If the Company's revenue does not grow to offset these increased expenses, the Company may not be profitable. The Company cannot assure the investors that it will be able to achieve or maintain profitability. Investors should not consider historical revenue growth as indicative of the Company's future performance.

Pension and other postretirement benefit obligations may materially impact the Company's earnings, shareholders' equity and cash flows from operations, and could have a significant adverse impacts in future periods.

The Company maintains defined benefit pension and other postretirement benefits plans for some of its employees. Potential pension contributions include discretionary contributions to improve the plans' funded status. The extent of future contributions depends heavily on market factors such as the discount rate and the actual return on plan assets. The Company estimates future contributions to these plans using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions, annual pension and other postretirement costs, the value of plan assets and the Company's benefit obligations.

Significant changes in actual return on pension assets, discount rates, and other factors could adversely affect the Company's results of operations and require cash pension contributions in future periods. Changes in discount rates and actual asset returns different than the Company's expected asset returns can result in significant non-cash actuarial gains or losses which the Company records in the fourth quarter of each fiscal year, and, if applicable, in any quarter in which an interim re-measurement is triggered. With regard to cash pension contributions, funding requirements for the Company's pension plans are largely dependent upon interest rates, actual investment returns on pension assets and the impact of legislative or regulatory changes related to pension funding obligations.

The Company also provides other postretirement benefits to certain employees, consisting principally of health care, dental and life insurance for eligible retirees and qualifying dependents. The Company's estimates of future costs associated with these benefits are also subject to assumptions, including estimates of the level of medical cost increases and discount rates.

The Company's by-laws provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to the internal affairs of the Company will be required to be litigated in Canada, which could limit an investor's ability to obtain a favourable judicial forum for disputes with the Company.

The Company's by-laws include a forum selection provision that provides that, unless the Company consents in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and appellate Courts therefrom (or, failing such Court, any other "court" (as defined in the OBCA) having jurisdiction and the appellate Courts therefrom), shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on the Company's behalf, (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to the Company, (c) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or the articles or the by-laws of the Company (as either may be amended from time to time), or (d) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by the Company or its affiliates and their respective shareholders, directors and/or officers. The Company's by-laws also provide that its shareholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the Company's by-laws. Therefore, it may not be possible for shareholders to litigate any action relating to the foregoing matters outside of the Province of Ontario. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of the Company's forum selection by-law could be challenged and that a court could rule that such by-law is inapplicable or unenforceable. If a court were to find the Company's forum selection by-law inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions and the Company may not obtain the benefits of limiting jurisdiction to the courts selected. See "Corporate Governance — By-Laws — Forum Selection".

It may be difficult or impossible for investors to enforce judgements against foreign subsidiaries and resident directors or officers of the Company

Certain of the Company's wholly-owned subsidiaries are organized under the laws of foreign jurisdictions and certain of the directors and officers of the Company are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

Risks Related to the Offering and Ownership of our Common Shares

Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

Sales of a substantial number of the Common Shares in the public market could occur at any time after the expiration of the lock-up agreements described in "Plan of Distribution". These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. In addition, the Underwriters might waive the provisions of these lock-up agreements and allow the subject shareholders to sell their Common Shares at any time. There are no pre-established conditions for the grant of such a waiver by the Underwriters, and any decision by them to waive those conditions would depend on a number of factors, which might include market conditions, the performance of the Common Shares in the market and the Company's financial condition at that time. If the restrictions in such lock-up agreements are waived, additional Shares will be available for sale in the public market, subject to applicable securities laws, which could reduce the market price of the Common Shares.

In addition, holders of unexercised options may sell Common Shares purchased on the exercise of options. This might result in a greater number of Common Shares being sold in the public market by, and fewer long-term holders of Common Shares among, the Company's management and employees.

Future offerings of debt securities, which would rank senior to the Common Shares upon bankruptcy or liquidation, and future offerings of equity securities that may be senior to the Common Shares for the purposes of dividend and liquidating distributions, may adversely affect the market price of the Common Shares.

In the future, the Company may attempt to increase its capital resources by making offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of the Company's debt securities and lenders with respect to any other borrowings will each be entitled to receive a distribution of the Company's available assets prior to the holders of the Common Shares. Additional equity offerings may dilute the holdings of the Company's existing shareholders or reduce the market price of the Common Shares, or both, and may result in future limitations under applicable tax legislation that could reduce the pace at which the Company utilizes any net operating loss carry-forwards to reduce its taxable income. The Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control. As a result, the Company cannot predict or estimate the amount, timing or nature of its future offerings, and purchasers of the Offered Shares in the Offering bear the risk of the Company's future offerings reducing the market price of the Common Shares and diluting their ownership interest in the Company.

An active, liquid and orderly trading market for the Common Shares may not develop, and investors may not be able to resell their Common Shares at or above the Offering Price.

There is no market through which the Common Shares may be sold and, if a market for Common the Common Shares does not develop or is not sustained, investors may not be able to resell the Offered Shares purchased in the Offering. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. The Offering Price has been determined by negotiation between the Company and the Underwriters. The Offering Price may not be indicative of the market price of the Common Shares after the Offering. In the absence of an active trading market for the Common Shares, investors may not be able to sell their Common Shares at or above the Offering Price or at all. The Company cannot predict the prices at which the Common Shares will trade.

The market price of the Common Shares could be subject to significant fluctuations after the Offering, and it may decline below the Offering Price, which could result in substantial losses for investors purchasing Offered Shares in this Offering. Some of the factors that may cause the market price of the Common Shares to fluctuate include:

- significant volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in the Company's operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness the Company may incur or securities it may issue in the future;
- short sales, hedging and other derivative transactions in the Common Shares;
- announcements of acquisitions, new partners, strategic alliances, capital commitments or significant agreements by the Company or by its competitors;
- changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company;
- litigation or regulatory action against the Company;
- investors' general perception of the Company and the public's reaction to its press releases, other public announcements and filings with applicable securities regulators;

- publication of research reports or news stories about the Company, its competitors or its industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of the Common Shares by the Company's directors, executive officers and existing shareholders and their affiliates;
- recruitment or departure of key personnel; and
- the other risk factors described in this section of the prospectus.

In addition, the stock markets have historically experienced substantial price and volume fluctuations. Broad market and industry factors may harm the market price of the Common Shares. Hence, the price of the Common Shares could fluctuate based upon factors that have little or nothing to do with the Company or its operations, and these fluctuations could materially reduce the price of the Common Shares regardless of the Company's operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has been instituted against that company. If the Company were involved in any similar litigation, it could incur substantial costs, management's attention and resources could be diverted and it could harm the Company's business, operating results and financial condition.

If an investor purchases Common Shares in this Offering, such investor may incur immediate and substantial dilution of its investment. The Company may issue additional Common Shares in the future, which may dilute a shareholder's holding in the Company.

The initial Offering Price of the Offered Shares may result in a market capitalization of the Company that will significantly exceed the net tangible book value of the Company per Common Share. Accordingly, if an investor purchases Common Shares under the Offering, the investor may incur immediate and substantial dilution of its investment.

In addition, the Company may issue additional Common Shares in the future, which may dilute a shareholder's holding in the Company. The Company's articles will permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Company have the discretion to determine if an issuance of Common Shares is warranted, the price at which such issuance is effected and the other terms of issuance. Also, the Company may issue additional Common Shares upon the exercise of options under the Omnibus Plan, which will result in further dilution to the shareholders. See "Options to Purchase Securities".

Use of proceeds of the Offering are not specified with certainty.

Except for the repayment of borrowings and the funding of ongoing growth initiatives, the Company cannot specify with certainty the particular uses of the remainder of the net proceeds it will receive from the Offering. The Company's management will have broad discretion in the application of the remainder of the net proceeds, including for any of the purposes described in "Use of Proceeds". Accordingly, a purchaser of Shares will have to rely upon the judgment of management with respect to the use of the remainder of the proceeds of the Offering, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the remainder of the net proceeds from the Offering in ways that its shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest the remainder of the net proceeds from the Offering in a manner that does not produce income or that loses value.

Dividends are not currently anticipated, and any future dividends are not guaranteed and may fluctuate with the performance of the business.

The Company currently intends to retain any future earnings to fund the development and growth of its business and/or to pay down debt and does not currently anticipate paying dividends on the Common Shares. There can be no assurance regarding the amount of income generated by the Company's business in the future. The ability of the Company to pay dividends, and the actual amount distributed, is entirely dependent on the operations of the Company, and is subject to various factors including financial performance, cash generated from operations, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. Unlike fixed-income securities, there is no obligation of the Company to distribute to shareholders any fixed amount, and reductions in, or suspensions of, cash dividends may occur that would reduce yield based on the price of the Common Shares. The market value of the Common Shares may deteriorate if the Company is unable to pay dividends in the future, and that deterioration may be significant.

Securities analysts' research or reports could impact the price of the Common Shares.

The trading market for the Common Shares will rely in part on the research and reports that industry or financial analysts publish about the Company or the Company's business. The Company does not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of the Company, the trading price of the Common Shares would likely decrease. Even if the Company does obtain analyst coverage, if one or more of the analysts covering the Company's business downgrade their evaluations of the Common Shares or Common Share price, the price of the Common Shares could decline. If one or more of these analysts cease to cover the Common Shares, the Company could lose visibility in the market for the Common Shares, which in turn could cause the Common Share price to decline.

The Company is a holding company and its cash flows are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company.

The Company is a holding company and a substantial portion of its assets will be the common shares of MDA Opco. As a result, investors in the Company are subject to the risks attributable to the Company's current and future subsidiaries. As a holding company, the Company conducts substantially all of its business through MDA Opco, which will generate substantially all of its revenue for the foreseeable future. Consequently, the Company's cash flows are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

LEGAL MATTERS

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company believes that none of the litigation in which the Company is currently involved, or has been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this prospectus, none of (a) the Company's directors or executive officers, (b) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's voting securities, or (c) any associate or affiliate of the persons referred to in (a) and (b), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Brendan Paddick, Darren Farber, Jill Smith and James Stavridis, directors of the Company, reside outside of Canada or are organized under the laws of a foreign jurisdiction, as applicable. Brendan Paddick, Darren Farber, Jill Smith, James Stavridis have each appointed GODA Incorporators Inc., located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7 as their agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is KPMG LLP, Chartered Accountants, located at 777 Dunsmuir Street, Vancouver, BC, Canada V7Y 1K3. KPMG LLP has advised the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts, other those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last fiscal year before the date of this prospectus, entered into prior to such date but which contract is still in effect, or to which the Company is or will become a party prior to the Closing, are as follows:

- the Underwriting Agreement, which is described in "Plan of Distribution";
- the Credit Agreement; and
- the Note Indenture.

Copies of such agreements will be available under the Company's profile on SEDAR at www.sedar.com. The contracts for each of the Company's flagship programs, Canadarm3, Canadian Surface Combatant and Telesat LEO Constellation, are also material contracts to the Company, the loss or termination of any of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company has determined that none of these contracts is required to be filed in accordance with applicable law as (among other factors) these contracts are entered into in the ordinary course of the Company's business and the Company's business is not substantially dependent on any one of these contracts.

The Company has a number of single supplier arrangements. However, based upon an analysis of available alternatives, the financial and timing consequences of any need to seek available alternatives, the degree of dependence and the materiality of the arrangement and consequences of disruption, none of these contracts is considered to be a material contract to the Company's business.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on the Company's behalf by Goodmans LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. The partners and associates of Goodmans LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company. The partners and associates of Osler, Hoskin & Harcourt LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company.

Except as noted above, no person or company whose profession or business gives authority to a report, valuation, statement or opinion and whom is named as having prepared or certified a report or valuation described or included in this prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any associate of the Company.

EXEMPTIONS UNDER SECURITIES LAWS

Pursuant to an application (the "**Application**") made to the Ontario Securities Commission, as principal regulator, the Company has applied for exemptive relief as contemplated by Part 19 of National Instrument 41-101 — *General Prospectus Requirements* from the requirement in Item 32 of Form 41-101F1 — *Information Required in a Prospectus* ("**Form 41-101F1**") to include in this prospectus historical financial statements for Neptec Design Group Limited ("**Neptec**") for the period beginning January 1, 2018 until Neptec's acquisition by the Company's business in July 2018. Neptec may be considered to form part of the primary business of the Company pursuant to Item 32.1(1)(b) of Form 41-101F1. The treatment of Neptec as forming part of the primary business of the Company would require the Company to include in this prospectus historical financial statements prepared in accordance with IFRS for the pre-acquisition period for Neptec. No financial statements for Neptec have been included in this prospectus. In the Application, the Company made, among others, the following submissions:

(a) The historical financial disclosure pertaining to the prior results of Neptec is not material information for a prospective investor because the size of Neptec was immaterial to the size of the Company's business at the time of Neptec's acquisition by the Company's business, and is immaterial relative to the Company's current business. The Company believes that the pre-acquisition historical financial statements of Neptec that are not included in this prospectus would not provide meaningful disclosure to potential investors.

(b) Based upon the foregoing, the Company submits that it does not believe that the financial statements of Neptec in respect of which the relief was requested are necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

The Company has been advised by the Ontario Securities Commission that the issuance of a receipt by or on behalf of the applicable Canadian Securities Administrators by the Ontario Securities Commission for this prospectus will evidence the granting of the foregoing exemption and/or consent.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE ISSUER

Dated: April 1, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) MICHAEL GREENLEY Chief Executive Officer	(Signed) VITO CULMONE Chief Financial Officer

On behalf of the Board of Directors of MDA Ltd.

(Signed) JOHN RISLEY Director	(Signed) ANDREW LAPHAM Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 1, 2021

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) Craig King **BMO Nesbitt Burns Inc**.	(Signed) Dougal MacDonald **Morgan Stanley Canada Limited**	(Signed) Rob Sainsbury **Scotia Capital Inc.**

(Signed) Erik Charbonneau **Barclays Capital Canada Inc**.	(Signed) James McKenna **RBC Dominion Securities Inc.**

(Signed) Jason Robertson **Canaccord Genuity Corp.**	(Signed) Brent A. Layton **CIBC World Markets Inc**.	(Signed) Benoit Veronneau **National Bank Financial Inc.**	(Signed) Gary Skene **Stifel Nicolaus Canada Inc.**

APPENDIX A

MDA FINANCIAL STATEMENTS

Consolidated Financial Statements

MDA Ltd.

For the period from April 8, 2020 to December 31, 2020
(In millions of Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of MDA Ltd.

Opinion

We have audited the consolidated financial statements of MDA Ltd. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and comprehensive loss for the period from April 8, 2020 to December 31, 2020
- the consolidated statement of changes in shareholders' equity for the period from April 8, 2020 to December 31, 2020
- the consolidated statement of cash flows for the period from April 8, 2020 to December 31, 2020
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

/s/ KPMG LLP

Chartered Professional Accountants,

The engagement partner on the audit resulting in this independent auditors' report is Philip J Dowad.

Vancouver, Canada
March 22, 2021

MDA LTD.

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

For the period April 8, 2020 to December 31, 2020
(In millions of Canadian dollars)

	Note	
Revenues		
Revenue from contract with customers	6	$ 295.6
Cost of revenue	8	(248.7)
Gross profit		**46.9**
Operating expenses		
Selling, general and administration	8	(61.0)
Unrealized gain on embedded derivative asset		7.0
Foreign exchange gain/ (loss)		(1.5)
Government grant	24	41.6
Other expenses	9	(21.4)
Earnings before interest and income taxes		**11.6**
Finance expense (net)		(29.4)
Loss before income taxes		**(17.8)**
Income tax recovery	25	0.5
Net loss		**(17.3)**
Other comprehensive loss		
Exchange differences on translation of foreign operations		(2.0)
Remeasurement loss on defined benefit plans (net of tax effects of $3.1 million)	19	(8.6)
Total comprehensive loss		$ **(27.9)**
Loss per share		
Basic and Diluted	26	$ (0.04)
Weighted-average common shares outstanding:		
Basic and Diluted	26	484,109,438

The accompanying notes are an integral part of these consolidated financial statements

MDA LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020
(In millions of Canadian dollars)

	Note	
Assets		
Current assets:		
Cash and equivalents		$ 78.6
Trade and other receivables, net	10	152.8
Current portion of financial assets, other	11	0.8
Current portion of non-financial assets	13	11.4
Inventories		6.5
Current tax assets		77.6
		327.7
Non-current assets:		
Financial assets, other	11	9.1
Non-financial assets	13	7.0
Property, plant and equipment	14	69.3
Right-of-use assets	15	22.0
Intangible assets	16	589.0
Goodwill	16	419.9
Deferred income tax assets	25	11.2
Total assets		**$1,455.2**
Liabilities and shareholders' equity		
Current liabilities:		
Trade and other payables		$ 65.7
Income taxes payable		22.7
Financial liabilities, other	11	1.1
Current portion of net employee benefit payable	19	32.0
Contract liabilities	12	73.3
Current portion of lease liabilities	15	7.8
Provisions	18	17.8
Current portion of long-term debt	17	22.0
		242.4
Non-current liabilities:		
Financial liabilities, other	11	1.3
Net employee defined benefit payable	19	43.6
Provisions	18	1.4
Lease liabilities	15	12.7
Long-term debt	17	537.7
Deferred income tax liabilities	25	158.7
Total liabilities		**997.8**
Shareholders' Equity		
Common shares	20	480.4
Contributed surplus		4.9
Accumulated other comprehensive loss		(10.6)
Deficit		(17.3)
Total shareholders' equity		**457.4**
Total liabilities and shareholders' equity		**$1,455.2**

The accompanying notes are an integral part of these consolidated financial statements

MDA LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period April 8, 2020 to December 31, 2020
(In millions of Canadian dollars)

		Common Shares					
	Note	Number	Amount	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Shareholder's Equity
Common share issuance, upon incorporation, April 8, 2020	20	483,720,000	$479.7	$ —	$ —	$ —	$479.7
Share capital issued, during the period	20	695,948	0.7	—	—	—	0.7
Net loss		—	—	—	—	(17.3)	(17.3)
Other comprehensive loss		—	—	—	(10.6)	—	(10.6)
Stock-based compensation	21	—	—	4.9	—	—	4.9
Balance at December 31, 2020		**484,415,948**	**$480.4**	**$4.9**	**$(10.6)**	**$(17.3)**	**$457.4**

The accompanying notes are an integral part of these consolidated financial statements

MDA LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period April 8, 2020 to December 31, 2020
(In millions of Canadian dollars)

	Note	
Cash flows from operating activities		
Loss before income taxes		$ (17.8)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation of property, plant and equipment	14	5.3
Depreciation of right-of-use assets	15	6.9
Amortization of intangible assets	16	46.1
Share-based compensation expense	21	4.9
Investment tax credits accrued during the period	24	(13.1)
Finance income		(0.8)
Finance expense		21.2
Unrealized gain on embedded derivative asset		(7.0)
Changes in operating assets and liabilities		
Trade and other receivables		27.7
Current financial assets, other		3.8
Inventories		(1.4)
Current tax receivable		(3.0)
Non-financial assets		(4.5)
Trade and other payables		(25.8)
Financial liabilities		(4.5)
Contract liabilities		24.8
Employee benefits		7.5
Financial liabilities, other, net		12.2
		82.5
Interest paid		(23.2)
Income tax paid		(2.9)
Net cash from operating activities		**56.4**
Cash flows from investing activities		
Purchases of property and equipment	14	(2.8)
Purchase/development of intangible assets	16	(10.5)
Acquisitions, net of cash acquired		(996.0)
Net cash used in investing activities		**(1,009.3)**
Cash flows from financing activities		
Proceeds from issuance of common shares, net of issuance costs	20	480.4
Proceeds from long-term debt, net of issuance costs		569.6
Repayments of long-term debt	17	(10.9)
Payment of lease liability (principal portion of lease liability)	15	(5.6)
Net cash provided by financing activities		**1,033.5**
Net increase in cash and cash equivalents		**80.6**
Net foreign exchange difference		(2.0)
Cash and cash equivalents, beginning of period		—
Cash and cash equivalents, end of period		**$ 78.6**

The accompanying notes are an integral part of these consolidated financial statements

1. General business description

MDA Ltd. (formerly Neptune Acquisition Holdings Inc.) ("MDA" or the "Company") is Canada's largest space technology developer and manufacturer, with over 1,900 employees principally across the country. Through a strong collaboration and partnership with the Government of Canada that spans several decades, the Company has delivered world-leading, iconic technologies such as the Canadarm family of space robotics for the U.S. Space Shuttle program and the International Space Station and three generations of RADARSAT Earth observation satellites for the Canadian Government. Additionally, the Company is one of the largest independent suppliers of space components and systems in the world, enabling it to be a merchant supplier to international prime contractors and partner to governments around the globe who are investing in and growing their space programs. These services are provided through wholly owned subsidiaries of the Company.

On April 8, 2020, Neptune Acquisition Inc. ("NAI"), an affiliate of Northern Private Capital Ltd ("NPC") purchased 100% of the equity interest in the MDA GP Holdings Ltd., MDA Systems Inc, and Maxar Technologies ULC from Maxar Technologies Inc.

The consideration for this transaction was $1 billion. Immediately after closing, NAI amalgamated with Maxar Technologies ULC, and changed its name to Neptune Operations Ltd. ("NOL").

On June 2, 2020, Neptune Acquisition Holdings Inc. ("NAHI") was formed under the laws of the Province of Ontario and became the parent of its wholly owned subsidiary NOL. In March 2021, NAHI changed its name to MDA Ltd.

References to the Company include MDA and its subsidiaries.

2. Basis of preparation

Basis of measurement

These accompanying consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities including derivative financial instruments, which are stated at fair value.

The amounts in the consolidated financial statements are presented in millions of Canadian dollars, except share-based compensation and per share amounts.

The consolidated financial statements do not provide comparative information as the Company commenced active operations on April 8, 2020.

Going concern

The Board had, at the time of approving the consolidated financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such, the Company adopted the going concern basis of accounting in preparing its consolidated financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, exposure or rights to variable returns from the Company's involvement with the entity, and the ability to use its power over the entity to affect the amount of the Company's returns. The financial accounts and results of subsidiaries are included in the consolidated financial statements of the Company from the date that control commences until the date that control ceases.

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. Upon consolidation, management eliminated all inter-entity transactions and balances.
Impact of COVID-19 pandemic

COVID-19, which the World Health Organization declared a pandemic in March 2020, has caused many governments to implement measures to slow the spread of the outbreak through quarantines, travel restrictions, heightened border security and other measures. The impact of this pandemic has been, and will likely continue to be, extensive in many aspects of society, which has resulted, and will likely continue to result, in significant disruptions to the global economy as well as businesses and capital markets around the world. The future progression of the pandemic and its effects on the Company's business and operations are uncertain.

2. Basis of preparation (Continued)

MDA responded to the pandemic by adopting a company-wide Work-From-Home ("WFH") policy for all employees who able to complete their work outside of the office. Approximately 90% of the Company's work force is currently in a WFH posture, while the remaining 10% continue to work on-site to conduct essential operations, in compliance with all local and Provincial government regulations.

Operational and financial performance in 2020 was materially impacted by COVID-19, particularly in the Satellite Systems business area, which realized decreased productivity and delays in new business awards. Productivity was impacted by (i) inefficiencies resulting from WFH on large and complex programs that require significant collaboration within MDA and with customers, (ii) inability to visit work sites and sign off on deliverables, and (iii) regional restrictions which globally impacted supplier's ability to complete their work on schedule, creating delays in the Company's production performance. Because the Company's revenue recognition is based on the Percentage-of-Completion accounting method, the reduced productivity in 2020 resulted in lower revenues. In addition, new business awards in the Satellite Systems business area in 2020 were lower than expected, in part due to customer delays caused in part by COVID-19.

In 2020 MDA received approximately $41.6 million in cash from the Canadian government in connection with the Canadian Emergency Wage Subsidy ("CEWS") program. Receiving this subsidy allowed the Company to retain key employees throughout 2020 and avoid significant headcount reductions which would have been detrimental to the near- and long-term success of the business.

Use of estimates, assumptions and judgments

The preparation of the Company's consolidated financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates, assumptions and judgments are based on historical experience and various factors that management believes to be reasonable under the circumstances.

Management reviews estimates and underlying assumptions 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. Actual results may differ from these estimates. The most notable estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are in the areas of revenue recognition, recoverability of deferred tax assets and the assessment of the impact of any tax uncertainties in various jurisdictions, and the assessment for impairment of financial and non-financial assets. Other areas that require the use of estimates and assumptions include estimating useful lives of long-lived assets, fair valuation of financial instruments, provisions, pension and post-retirement benefit obligations, and share-based compensation. Additional information on these estimates is included in Note 3 of the respective note for each topic.

Management uses judgment when applying accounting policies and when making estimates and assumptions as described above. The most significant areas that require judgments relate to the recognition of investment tax credits, derecognition of financial assets and impairment of financial assets. Other areas that require judgment include determining separately identifiable components of a contract arrangement for revenue recognition, determining the lease term of contracts with renewal and termination options, and recognition of contingent liabilities. Additional information on these estimates is included in Note 3, in the respective subsection for each topic.

3. Summary of significant accounting policies

Translation of foreign operations and foreign currency transactions

The consolidated financial statements of the Company are presented in Canadian dollars.

Transactions in foreign currency

Each entity within the Company records transactions using its functional currency, being the currency of the primary economic environment in which it operates. Foreign currency transactions are translated into the respective functional currency of each entity using the foreign currency rates prevailing at the date of the transaction. Period end balances of monetary assets and liabilities in a foreign currency are translated to the respective functional currencies using period end foreign currency rates. Foreign currency gains and losses arising from settlement of foreign currency transactions are recognized in earnings.

Foreign operations translation

The assets and liabilities of operations with a functional currency other than Canadian dollars are translated into Canadian dollars at period end foreign currency rates. Revenues and expenses of such operations are translated into Canadian dollars at average rates for the period. Cumulative foreign currency translation gains and losses, which are not material, are recognized in shareholders' equity.

3. Summary of significant accounting policies (Continued)

Revenue recognition

Revenue is recognized in accordance with the five-step model set forth by IFRS 15, *Revenue from contracts with customers*, which involves identification of the contract(s), identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations, and recognition of revenue as the performance obligations are satisfied. Revenue is measured at the fair value of consideration received or receivable, net of discounts and is after eliminating intercompany sales. When consideration received from customers includes advance payments that contain a financing element, the Company imputes interest on such advance payments and recognizes such amounts as a component of revenue. Contract costs generally include direct costs such as materials, labor, and subcontract costs. Costs are expensed as incurred except for incremental costs incurred to obtain or fulfill a contract, which are capitalized and amortized on a straight-line basis over the expected period of performance.

Construction contracts

Revenues are primarily generated from long-term construction contracts. Due to the long-term nature of these contracts, revenue is generally recognized over time using a percentage of completion approach using a cost-to-cost method, which requires the Company to make estimates regarding the revenue and cost associated with the design, manufacture and delivery of its products and services. The Company's long-term construction contracts generally consist of a single performance obligation due to the integrated nature of the goods or services in contracts. Revenue from construction contracts includes initial contract amounts, variations in contract work, claims, incentive payments, shipping and handling costs and the fair value of customer furnished materials. Variable consideration is recognized in the contract transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Construction contracts may include performance incentives whereby payment for a portion of the purchase price is contingent upon in-orbit performance of the satellite. Liquidated damages can be incurred on programs as a result of delays due to slippage or for programs which fail to meet all milestone requirements as outlined within the contractual arrangements with customers. Losses related to liquidated damages result in a reduction of revenue recognition.

Construction contracts have termination and default clauses. If a contract is terminated for convenience by a customer or due to a customer's default, the Company is typically entitled to costs incurred plus a reasonable profit.

Service contracts

Cost-plus-fixed-fee contracts — A cost plus contract is primarily made up of three components: direct costs (labor costs, subcontractor labour, travel and/or other direct costs), indirect costs (fringe benefit costs, overhead and general and administrative costs) and an agreed upon fee. The fee for this type of contract is established at the onset of contract as negotiated with the customer. Pricing for the cost portion of the contract is established on the basis of, among other things, actual labor rates, and projected average rates.

Time and materials — Contracts structured as time and materials are billed to the customer as labour hours are incurred at contractually agreed upon rates, with such rates agreed upon by the Company and the customer and inclusive of margin to the Company.

Firm fixed price — Contracts structured as firm fixed price bill the customer a fixed fee for a specified service with such amount typically billed as milestones are met by the Company. Revenue from the sale of certain services that include the supply of processed data or data products is recognized upon delivery.

Regardless of the contract structure noted above, revenue is recognized over time. Given the fact that in almost all cases, the customer controls the related work-in-progress, an input measure is the most appropriate basis with which to measure progress. Finally, as cost of labor is the predominant measure by which these contracts are structured, the Company recognizes revenue using a cost-incurred approach.

Contract liabilities primarily consist of advance payments, billings in excess of costs incurred and deferred revenue. Changes in contract liabilities are primarily due to the timing difference between the Company's performance of services and payments from customers. To determine revenue recognized from contract liabilities during the reporting periods, the Company allocates revenue to individual contract liability balances and applies revenue recognized during the reporting periods first to the beginning balances of contract liabilities until the revenue exceeds the balances.

3. Summary of significant accounting policies (Continued)

Research and development

Research costs are expensed in the period incurred. Development costs are capitalized and recorded as an intangible asset if technical feasibility has been established and it is considered probable that the Company will generate future economic benefits from the asset created on completion of development. The costs capitalized include materials, direct labour, directly attributable overhead expenditures and borrowing costs on qualifying assets. Other development costs are expensed in the period incurred.

Government assistance and investment tax credits

Government assistance includes government grants, below-market rate of interest loans and investment tax credits and is recognized when there is reasonable assurance that the Company will comply with the relevant conditions and that the government assistance will be received.

Government assistance that meets the recognition criteria and that relates to current expenses is recorded as a reduction of the related expenses in direct costs, selling, general and administration. Government assistance that meets the recognition criteria and that relates to the acquisition of an asset is recorded as a reduction of the cost of the related asset. If government assistance becomes repayable, the inception to date impact of assistance previously recognized in earnings is reversed immediately in the period that the assistance becomes repayable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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 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

The Company maintains an equity-based compensation plan to reward certain directors, officers and employees of the Company by providing such individuals with a performance incentive for continued service with the Company. Share-based compensation plans are measured at fair value using the Black-Scholes option pricing model and the fair value is expensed on a straight-line basis over the vesting period. Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected plan lives, underlying share price volatility over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in earnings.

All of the Company's stock options are equity-settled. The fair value of equity-settled plans is recognized in shareholders' deficit in the balance sheet. Equity-settled plans are measured based on the grant date fair value of the award including the impact of estimated forfeitures and are not re-measured. The fair value of awards at the date of grant is recorded as an expense and recognized over the vesting period based on the number of options expected to vest. Upon exercise the options are settled with shares.

Finance income and finance expense

Finance income is comprised of interest income and gains on disposals of available-for-sale assets. Interest income is recognized as it accrues in earnings, using the effective interest method.

Finance expense is comprised of interest on lease liabilities, operational financings, net interest expense on the net liability of defined benefit pension and other post-retirement and defined benefits plans and the cost of forward points from foreign exchange forward contracts. All finance costs are recognized in earnings using the effective interest method. Finance costs exclude borrowing costs attributable to the construction of qualifying assets, which are assets that take a substantial period of time to prepare for their intended use. Borrowing costs associated with qualifying assets are added to the cost of the related assets. No finance costs were capitalized to construction in progress for the period presented.

3. Summary of significant accounting policies (Continued)

Financial instruments

Financial assets and financial liabilities are initially measured at fair value and are subsequently re-measured based on their classification as described below. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or liability, other than financial assets and liabilities classified as at fair value through earnings, are added or deducted from the fair value of the respective financial asset or financial liability on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as at fair value through earnings are recognized immediately in earnings.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets

The Company initially recognizes loans and receivables and deposits on the date that they originated and all other financial assets on the trade date at which the entities that comprise the activities of the Company become a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial assets are classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company’s financial assets which consist primarily of cash and cash equivalents and trade and other receivables are classified at amortized cost. Investments in equity instruments are measured at fair value and, in limited circumstances, cost when this is an appropriate estimate of fair value.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through earnings or as other financial liabilities.

- Financial liabilities at fair value through earnings: Financial liabilities are classified at fair value through earnings when held for trading or if designated into this category. Financial liabilities classified as financial liabilities at fair value through earnings include derivative financial instruments that are not included in a qualifying hedging relationship and are measured at fair value with any gains or losses arising on remeasurement recognized in earnings.
- Other financial liabilities: Other financial liabilities include trade and other payables, non-trade payables, and provisions are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

Derivatives

Derivatives may be free standing or embedded in other financial liabilities and non-financial instruments. Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a standalone derivative and the combined instrument is not held for trading or designated at fair value. The Company has embedded foreign currency derivatives in certain customer and supplier contracts. The Company’s second lien notes include certain embedded features allowing the Company to redeem the notes. Both free standing and embedded derivatives are accounted for as separate instruments and are measured at fair value at each reporting date. Changes in fair value are recognized in the consolidated statement of operations and comprehensive loss in foreign exchange gains or losses, finance income or expense or unrealized gain(loss) on embedded derivatives.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash balances with banks and similar institutions and term deposits redeemable within three months or less from date of acquisition with banks and similar institutions.

Investments

Short-term investments consist of mutual funds and financial instruments purchased with a term to maturity at inception between three months and one year. Long-term investments consist of unquoted equity instruments in which the Company does not have significant influence.

3. Summary of significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes amounts related to construction and testing as well as any related borrowing costs. Borrowing costs are capitalized on certain qualifying assets that take a substantial period of time to prepare for their intended use.

Depreciation expense is recognized in earnings on a straight-line basis over the estimated useful life of the related asset to its residual value. Expected useful lives and depreciation methods are reviewed annually.

The estimated useful lives are as follows:

	Estimated useful life
Land improvements	20 years
Buildings	7 to 45 years
Leasehold improvements	lesser of useful life or term of lease
Lease equipment:	
Test and other equipment	2 to 12 years
Vehicles	5 to 6 years
Furniture and fixtures	2 to 10 years
Computer hardware	2 to 13 years

Leased assets

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company has elected not to recognize right-of-use assets and lease liabilities for certain leases of small office and IT equipment such as laptops that have a lease term of 12 months or less, some of which are also low value leases The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For all other leases, the Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Depreciation of right-of-use assets is recognized within the consolidated statement of operations and comprehensive earnings as part of depreciation and amortization. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term includes all lease renewal options that management is reasonably certain to exercise and termination options unless management is reasonably certain that they will not be exercised. Management uses judgement to determine this on a case-by-case basis per lease agreement entered. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected

3. Summary of significant accounting policies (Continued)

to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Intangible assets

Intangible assets with finite lives consist of acquired and internally developed proprietary technologies, customer relationships, contractual backlog, and the MDA trademark. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are currently amortized over the following periods:

	Estimated useful life
Proprietary technologies	5 to 20 years
Customer relationships	13 to 18 years
Contractual backlog	2 to 4 years
Software	3 to 10 years
MDA trademark	20 years

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized in the consolidated statement of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred contingent payment arrangement. Acquisition-related costs are expensed as incurred.

Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-financial asset impairment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's

3. Summary of significant accounting policies (Continued)

recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount and recognizes a reversal of impairment.

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that its carrying amount may be less than its recoverable amount. Management uses judgment to estimate the inputs to these assessments including cash flow projections, discount rates and tax rates, and any changes to these inputs could have a material impact on the impairment calculation.

For impairment testing, goodwill is allocated to groups of CGUs, based on the level at which it is monitored for internal reporting purposes. An impairment loss is recognized in earnings when the carrying value of a group of CGUs exceeds its estimated recoverable amount. The recoverable amount of a group of CGUs is the greater of its value in use and its fair value less cost to sell. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates.

An impairment loss relating a group of CGUs reduces the carrying value of the goodwill allocated the group of CGUs, then reduces the carrying value of the other assets of the CGU or group of CGUs on a pro-rata basis. Impairment losses in respect of goodwill are not reversed.

Financial assets and liabilities

Financial instruments carried at amortized cost:

As at December 31, 2020, the Company determined that the carrying values of its short-term financial assets and liabilities approximate their fair value because of the relatively short periods to maturity of these instruments and their low credit risk.

Financial instruments carried at fair value:

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has

3. Summary of significant accounting policies (Continued)

established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Management uses judgment to estimate the amount, timing and probability of the liability based on facts known at the reporting date. The unwinding of the discount is recognized as finance expense.

Restructuring costs

A provision for restructuring costs is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are excluded from the provision.

Decommissioning liabilities

A provision for decommissioning liabilities is recognized at the time of asset acquisition. Decommissioning liabilities are added to the carrying value of the related asset and are depreciated over the asset's estimated useful life.

Onerous contracts

A provision for onerous contracts, excluding construction contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contracts and the expected net cost of continuing with the contract.

Employee benefits

Defined benefit pension plans and other post-retirement benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method, which takes into account the expected salary increases as the basis for future benefit increases for the pension plans. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Actuarial assumptions for discount rates, expected salary increases and the projected age of employees upon retirement reflect historical experience and the Company's assessment of future expectations. When the calculation results in a benefit to the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits for a particular plan, consideration is given to any minimum funding requirements that apply to that particular plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expense) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense is recognized as a component of finance expense. The Company recognizes service cost and administrative expenses relating to defined benefit plans as a component of direct costs, selling, general and administration expense.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the net benefit liability that relates to past service or the gain or loss on curtailment is recognized immediately in earnings.

3. Summary of significant accounting policies (Continued)

The Company recognizes gains or losses on the settlement of a defined benefit plan when settlement occurs.

Defined contribution pension plans

The Company maintains defined contribution plans for some of its employees whereby the Company pays contributions based on a percentage of the employees' annual salary. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of earnings as the services are provided.

Termination benefits

Termination benefits are expensed when the Company has demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are expensed if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized into earnings except to the extent that it arises in a business combination, or items recognized directly in shareholders' equity.

Current tax is the expected tax payable or receivable on the taxable income or loss reflected in the consolidated statement of operations and comprehensive loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company records accruals for uncertain tax positions when management believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on exercise of stock options, to the extent they are considered dilutive.

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

3. Summary of significant accounting policies (Continued)

assurance threshold has been met to recognize investment tax credits in the 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.

Government assistance

Government assistance is recognized where there is reasonable assurance that the assistance will be received, and all attached conditions will be complied with. When the assistance relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

4. Standards issued but not yet effective

COVID-19 Related Rent Concessions — Amendment to IFRS 16

In May 2020, the IASB amended IFRS 16, *Leases* (“IFRS 16”) to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The Company is not impacted by this amendment as it has not taken any rent concessions during the COVID-19 pandemic.

Classification of Liabilities — Amendment to IAS 1

The IASB has issued ‘*Classification of Liabilities as Current or Non-Current* (“Amendments to IAS 1”)’ providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments affect only the presentation of liabilities in the consolidated statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least 12-months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively.

The Company has not yet assessed the impact of the amendment to its consolidated financial statements.

Property, Plant and Equipment: Proceeds before Intended Use — Amendment to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds Before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Company has not yet assessed the impact of the amendment to its consolidated financial statements.

Onerous Contracts — Costs of Fulfilling a Contract — Amendment to IAS 37

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, (“IAS 37”) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

4. Standards issued but not yet effective (Continued)

"directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

5. Acquisition of MDA GP Holdings Ltd., MDA Systems Inc., and Maxar Technologies ULC

On April 7, 2020, a predecessor entity of the Company, NAI, purchased 100% of the equity interest in the MDA GP Holdings Ltd., MDA Systems Inc., and Maxar Technologies ULC (collectively referred to as "MDA Canada" hereafter) from Maxar Technologies Inc, for $1 billion in cash consideration.

Transaction costs of $12.3 million were expensed and are included in administrative expenses.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of MDA Canada, as at the date of acquisition were:

Assets	**Fair value recognized on acquisition**
Trade and other receivables	$ 243.8
Financial Assets	4.7
Inventories	5.1
Prepaids and advances	9.4
Property, plant and equipment	93.8
Intangible assets	624.6
Deferred tax assets	17.8
Non-current financial assets	0.5
Other non-current assets	3.2
	$1,002.9
Liabilities	
Accounts payable	$ 92.8
Income taxes payable	15.2
Accrued compensation and benefits	24.7
Contract liabilities	48.5
Current provisions	5.3
Current financial liabilities	5.0
Non-current provisions	1.6
Non-current financial liabilities	2.0
Deferred tax liabilities	180.3
	$ 375.4
Total identifiable net assets at fair value	$ 627.5
Goodwill arising on acquisition	419.9
Purchase consideration transferred	$1,047.4

As the acquisition took place at the beginning of the reporting period and MDA Canada makes up the entirety of MDA, all revenue and income reported for the period are as a result of the acquisition.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

5. Acquisition of MDA GP Holdings Ltd., MDA Systems Inc., and Maxar Technologies ULC (Continued)

The fair value and gross amount of the trade receivables amounts to $181.7 million. It is expected that the full contractual amounts can be collected, and that none of this balance is impaired.

The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The deferred tax assets and deferred tax liabilities mainly relate to tangible and intangible assets acquired as part of the acquisition.

The goodwill of $419.9 million comprises the value of the long-standing revenue generating service lines, and assembled workforce, which do not qualify for separate recognition, of MDA arising from the acquisition. Goodwill is allocated to the following group of cash generating units: Geointelligence, Robotics and Space and Satellite Systems. None of the goodwill recognized is expected to be deductible for income tax purposes.

6. Revenue from contracts with customers

Substantially all the Company's revenue is from construction contracts and service contracts, as presented below:

	April 8, 2020 to December 31, 2020
Construction contracts	$142.7
Service contracts	152.9
Total revenue from contracts with customers	$295.6

Set out below is the disaggregation of the Company's revenue from contracts with customers by its 3 primary service lines:

Service Line	April 8, 2020 to December 31, 2020
Geointelligence	$134.7
Robotics and Space Operations	85.3
Satellite Systems	75.6
Total revenue from contracts with customers	$295.6

On December 31, 2020, the Company had $562.5 of remaining performance obligations, which represents the transaction price of firm orders less inception to date revenue recognized. Remaining performance obligations exclude unexercised contract options and indefinite delivery/indefinite quantity contracts. The Company expects to recognize revenue relating to existing performance obligations of approximately $327.5 and $235.0 in the fiscal years 2021 and thereafter.

Set out below is the amount of revenue recognized from:

	December 31, 2020
Amounts included in contract liabilities at the beginning of the period	$48.5
Performance obligations satisfied that were included in contract liabilities in the purchase price allocation	$21.4

7. Segment information

Segmented information is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Company's CODM consists of its Chief Executive Officer and Chief Financial Officer as this group is responsible for allocating resources to and assessing the performance of the operating segments of the Company. The segmentation reflects the way the CODM evaluates performance of, and allocates resources within, the business.

The Company operates substantially all of its activities in one reportable segment, which includes the Geointelligence, Robotics & Space Operations and Satellite System operating segments. The reportable segment earns revenue by providing space solutions to customers in a similar market and is managed by the CODM. For larger projects, the three operating segments act as one to provide customers a combined solution.

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

7. Segment information (Continued)

Information for revenue by geographical region is as follows:

Geographical Location	April 8, 2020 to December 31, 2020
United States	$123.6
Canada	86.4
Asia	8.9
Europe	71.0
Australia	0.3
South America	1.7
Other	3.7
Total revenue from contracts with customers	$295.6

The Company has two customers who individually account for 10 percent or more of revenue during the period. Customer 1 accounted for $51.3 million in revenue and Customer 2 accounted for $43.9 million in revenue.

The Company's property, plant and equipment, intangible assets and goodwill are geographically located as follows:

	December 31, 2020
Primarily Canada	$1,093.1

8. Cost of revenue and expenses by nature

The following tables classifies the cost of revenue and expenses by nature:

	April 8, 2020 to December 31, 2020
Cost of revenues	
Wages, salaries and other cost of revenues	$172.6
Depreciation and amortization	58.3
Subcontractor costs relating to construction and service contracts	20.7
Investment tax credits	(13.1)
Costs related to defined contribution plans	4.7
Costs related to defined benefit plans	4.5
Inventories used	1.0
	$248.7

Selling, general and administration	April 8, 2020 to December 31, 2020
General and administration	$ 31.3
Selling and marketing	19.0
Research and development expense recovery	(13.2)
Research and development expenses	19.0
Share-based compensation	4.9
	$ 61.0

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

9. Other expenses

The components of other expense are as follows:

	April 8, 2020 to December 31, 2020
Acquisition related expense	$12.3
Restructuring and enterprise improvement costs	9.1
	$21.4

10. Trade and other receivables

	As at December 31, 2020
Trade accounts receivables, net	$ 48.7
Unbilled receivables	78.2
Other	26.2
Allowance for expected credit loss	(0.3)
Total	$152.8

Trade receivables are non-interest bearing and are generally on terms of 15 to 60 days.

Amounts relating to unbilled receivables are made up of activities under a customer contract completed but not yet billed. These amounts are billed upon successful completion of the performance obligation as most contracts consist of one performance obligation.

Set out below is the movement in the allowance of expected credit losses of trade receivables and contract assets during the period:

	Period ended December 31, 2020
As at April 8, 2020	$ —
Provision for expected credit losses	(0.7)
Write-offs	0.4
As at December 31, 2020	$(0.3)

11. Financial assets and liabilities, other

(a) Financial assets, other:

	December 31, 2020
Derivative financial instruments	$9.9
Current portion	$0.8
Non-current portion	9.1

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

11. Financial assets and liabilities, other (Continued)

(b) Financial liabilities, other:

	December 31, 2020
Non-trade payables	$1.8
Derivative financial instruments	0.6
	$2.4
Current portion	$1.1
Non-current portion	1.3

12. Maturities of certain liabilities

The Company's current liabilities include all assets and liabilities that mature within the Company's operating cycle. The table below gives the maturity profile of certain current liabilities where the maturities extend beyond twelve months.

December 31, 2020	Due within one year	Due after one year	Total
Contract liabilities	$73.3	—	$73.3

13. Non-financial assets

	December 31, 2020
Advances to suppliers	$ 1.5
Prepaid expenses	9.9
Deferred contract costs	7.0
	$18.4
Current portion	$11.4
Non-current portion	7.0

14. Property, plant and equipment

	Land, buildings and leasehold improvements	Equipment	Furniture and fixtures and computer hardware	Capital work-in progress	Total
Cost					
Balance as at April 8, 2020	$56.1	$ 7.8	$ 2.9	$ 5.0	$71.8
Additions	2.4	1.0	0.5	0.1	4.0
Transfers	(1.1)	0.3	1.9	(2.3)	(1.2)
Balance as at December 31, 2020	$57.4	$ 9.1	$ 5.3	$ 2.8	$74.6
Accumulated depreciation					
Balance as at April 8, 2020	—	—	—	—	—
Depreciation expense	(1.9)	(2.2)	(1.2)	—	(5.3)
Balance as at December 31, 2020	$ (1.9)	$(2.2)	$(1.2)	$ —	$ (5.3)
Net book value					
December 31, 2020	$55.5	$ 6.9	$ 4.1	$ 2.8	$69.3

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

14. Property, plant and equipment (Continued)

All depreciation for the period is recorded within cost of revenue.

15. Leases

The Company has lease contracts for buildings, equipment, furniture and fixtures and computer hardware used in its operations. Leases of buildings generally have lease terms between 3 and 5 years, while equipment, furniture and fixtures and computer hardware generally have lease terms between 1 and 5 years. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Equipment	Furniture and fixtures and computer hardware	Total
Balance as at April 8, 2020	$19.4	$ —	$ 2.6	$22.0
Additions	5.4	0.1	1.4	6.9
Depreciation expense	(5.6)	—	(1.3)	(6.9)
Balance as at December 31, 2020	$19.2	$0.1	$ 2.7	$22.0

The Company also has certain leases of small office and IT equipment such as laptops with lease terms of 12 months or less, some of which are also low value leases. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Company also has certain leases which include payments that do not relate to the transfer of goods or services by the lessor to the Company (e.g., cleaning the common areas of a building, fees or other administrative costs) and are considered non-lease components.

The following are the amounts recognised in profit or loss for the leases:

	December 31, 2020
Deprecation expense included in cost of revenue	$ 6.9
Interest expense on lease liability	0.6
Expense relating to short-term lease (included in cost of revenue)	2.1
Expense relating to leases of low-value assets	0.8
Total amount recognised in profit or loss	$10.4

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Amount
Additions from MDA Canada acquisition	$19.9
Additions	6.2
Accretion of interest	0.6
Payments	(6.2)
Balances as at December 31, 2020	$20.5
Current	7.8
Non-current	$12.7

The Company had total cash outflows for leases of $9.1 million in the current period. The future cash outflows relating to leases that have not yet commenced are disclosed in contingencies and commitments note disclosure.

The maturity analysis of lease liabilities is disclosed in financial instruments note disclosure.

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

16. Intangible assets and goodwill

For the period ended December 31, 2020:

	Proprietary technologies	Contractual backlog	Customer relationships	MDA trademark	Software	Goodwill	Total
Balance, as at April 8, 2020	$73.0	$41.2	$463.1	$25.6	$21.7	$419.9	$1,044.5
Additions during period	—	—	—	—	$10.5	—	$ 10.5
Balance as at December 31, 2020	$73.0	$41.2	$463.1	$25.6	$32.2	$419.9	$1,055.0
Accumulated amortization							
Amortization expense	6.0	10.8	24.5	1.1	3.7	—	46.1
Balance as at December 31, 2020	6.0	10.8	24.5	1.1	3.7	—	46.1
Net book value							
December 31, 2020	$67.0	$30.4	$438.6	$24.5	$28.5	$419.9	$1,008.9

On April 8, 2020, the Company acquired MDA from Maxa8 Technologies Inc. As a result of the transaction, the Company recognized $73.0 million of proprietary technologies, $41.2 million of contractual backlog, $463.1 million of customer relationships, $25.6 million of MDA trademark, $21.7 million of software, and $419.9 million of goodwill.

Impairment Testing

(a) Software and technologies, licenses, and customer relationships

During the period of April 8, 2020 to December 31, 2020, the Company did not identify any indicators of impairment. Accordingly, no impairment was recognized during this period.

(b) Goodwill

The Company performed an annual impairment test in connection with the preparation of the consolidated financial statements for the period ended December 31, 2020. The Company did not identify any indicators of impairment prior to December 31, 2020.

Goodwill is monitored at the groups of CGUs level, which represents the lowest level within the Company for which information about goodwill is available and monitored for internal management purposes:

	December 31, 2020
Geointelligence	$285.9
Robotics and space operations	25.1
Satellite systems	108.9
	$419.9

For each CGU, the recoverable amount was determined based on its value in use by discounting estimated future cash flows to their present value. Estimated cash flow projections are based on the Company's five-year strategic plan approved by senior management.

The following key assumptions were used for the period in determining the recoverable amount for each CGU:

- Revenue growth rates are based on historical results and expectations for the forecasted periods.
- Pre-tax discount rates represent the current market assessment of the risks specific to each CGU taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The pre-tax discount rate calculation is based on the specific circumstances of each segment.
- Terminal growth rate represents the cash flows beyond the initial forecast period and are extrapolated using a rate of 2%. Rates are based on market and industry trends researched and identified by management.
- Capital Expenditure amounts ("CAPEX") are based on past experience and include the ongoing capital expenditures required to maintain the business and include cash outflows for the purchase of property, plant and equipment.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

16. Intangible assets and goodwill (Continued)

The table below summarizes the key assumptions noted above by the CGU groups that management monitors goodwill:

	Geointelligence	Robotics and space operations	Satellite systems
Revenue growth rate	28.4%	29.5%	27.7%
Pre-tax discount rate	13.7%	16.5%	14.0%
Terminal growth rate	2.0%	2.0%	2.0%
CAPEX	$ 89	$ 24	$ 12

Based on the impairment test performed, the recoverable amount of Geointelligence, Robotics and Space Operations and Satellite Systems were in excess of their carrying amount by $17 million, $190 million, and $5 million respectively. Accordingly, there is no impairment of the carrying value of goodwill.

Though each segment was found to have significant headroom, the Company has performed a sensitivity analysis based on changes to the key assumptions within the value-in-use calculation. The following table shows the changes to the key assumptions, considered in isolation, that would be required for the carrying amount to equal the recoverable amount:

	Geointelligence	Robotics and space operations	Satellite systems
Revenue growth rate	(1.1)%	(16.0)%	(0.3)%
Pre-tax discount rate	0.2%	17.1%	0.2%
Terminal growth rate	(0.2)%	(40.5)%	(0.2)%
CAPEX	$ 5	$ 54	$ 1

17. Long term debt

The Company's long-term debt is comprised of the following:

	December 31, 2020	Maturity date
Term loan, interest rate of CDOR plus 3.75%, principal and interest payable quarterly	$411.9	April 8, 2025
Second lien notes, semi-annual interest commencing October 8, 2020, 10% paid in cash and 12% paid in-kind (6% cash, 6% in-kind)	147.8	April 8, 2027
	$559.7	

Revolving credit facility — Financial guarantee

The Company has a revolving credit facility totaling $80.0 million of which $15.5 million was drawn as of December 31, 2020, all in respect of letters of credit. The revolving credit facility matures on April 8, 2025. This facility bears interest at either the bank's Prime Rate or Alternate Base Rate Canada plus an Applicable Margin of 150 to 300 bps or CDOR or LIBOR plus an Applicable Margin of 250 to 400 bps, based on the Company's Total Debt/EBITDA Ratio. The outstanding letters of credit at December 31, 2020 had an Applicable Margin of 350 bps plus a Fronting Fee of 25 bps. As at December 31, 2020, the aggregate gross potential liability related to the Company's letters of credit was approximately $15.5 million.

The revolving credit facility is secured by a pledge of shares of all subsidiaries.

Term loan facility

The Company has a Term Loan facility ("Term Loan Facility") totaling $435 million of which the full amount was drawn at inception. The Company made principal repayments in the amount of $10.9 million during the year. The Term Loan Facility matures on April 8, 2025. The facility bears interest at either the bank's Prime Rate or Alternate Base Rate Canada plus an Applicable Margin of 150 to 300 bps or CDOR or LIBOR plus an Applicable Margin of 250 to 400 bps, based on the Company's Total Debt/EBITDA Ratio.

(Amounts in millions of Canadian dollars, except
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17. Long term debt (Continued)

The term loan facility is secured by all of the present and future assets, property and undertakings of the Borrower and Guarantor subsidiaries.

Second lien notes

The Company has unsecured second lien notes outstanding which bear interest at 10% per annum in cash, or 12% ("PIK") (6% cash, 6% in-kind) if the election is made by the Company. Interest is due semi-annually. Interest on the second lien notes for each interest period is payable by increasing the principal amount of the outstanding notes by the amount of interest then due and owing for such interest period. As at December 31, 2020, the PIK election was not made.

Interest expense on the second lien notes is $11.4 million for the period ended December 31, 2020.

The second lien notes are secured by a second lien on all of the present and future assets, property and undertakings of the Borrower and Guarantor subsidiaries.

Covenants

Under the revolving credit facility and the term loan facility, the Company must satisfy certain financial covenants as defined by the credit agreement, including the following:

- The Company is required to maintain a fixed charge coverage ratio of at least 1.25 to 1 at all times
- The Company is required to maintain a specified Total Debt/EBITDA ratio and Senior Debt/EBITDA ratio based on certain time bands.

As at December 31, 2020, the Company was in compliance with these covenants.

The second lien notes include an embedded optional redemption feature which allows the company to redeem all or part of the notes at rates that do not approximately equal the amortized cost. The fair value of this embedded derivative redemption feature as at December 31, 2020 is $8.9.

Commitments related to long-term debt

Principal payments on long-term debt required in each of the following five years and thereafter are as follows:

	Long-term debt
2021	$ 21.8
2022	27.2
2023	32.6
2024	38.1
2025	304.5
Thereafter	150.0
	$574.2

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

18. Provisions

	Restructuring costs	Onerous Contracts	Decommissioning Liabilities	Other	Total
Opening balance as at April 8,2020	$1.9	$3.6	$1.4	—	$ 6.9
Provision made	9.0	4.5	—	5.3	18.8
Provision acquired	—	—	—	—	—
Provision used	4.7	1.8	—	—	6.5
Unwinding of discount	—	—	—	—	—
Balance as at December 31, 2020	6.2	6.3	1.4	5.3	19.2
Current portion	6.2	6.3	—	5.3	17.8
	$ —	$ —	$1.4	$ —	$ 1.4

19. Employee benefits

Employee benefits liabilities

	December 31, 2020
Salary and benefits payable	$27.1
Pension and other post-retirement benefits	48.5
	75.6
Current	32.0
Non-current	$43.6

Pension plans

The Company's defined benefit plans provide pension benefits based on various factors including earnings and length of service.

The plans are funded and the Company's funding requirements are based on each of the plans' actuarial measurement framework as established by the plan agreements or applicable laws. Employees are required to contribute to some of the funded plans. The total estimated employer contributions expected to be paid to the plans in the year ending December 31, 2021 are $5.5 million.

The funded plans' assets are legally separated from the Company and are held by an independent trustee. The trustee is responsible for ensuring that the funds are protected as per applicable laws.

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

19. Employee benefits (Continued)

Movement in net defined benefit liability during the period of April 8, 2020 to December 31, 2020:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Defined benefit obligation as at April 8, 2020	$111.6	$(106.2)	$ 5.4
Included in earnings			
Current service cost	2.7	—	2.7
Past service costs	—	—	—
Interest cost (income)	3.1	(3.0)	0.1
	$ 5.8	$ (3.0)	$ 2.8
Included in net equity			
Actuarial loss (gain) arising from:			
Financial assumptions	22.5	—	22.5
Experience adjustment	0.6	—	0.6
Return on plan assets excluding interest income	—	(16.3)	(16.3)
Administrative expenses paid from fund	—	0.4	0.4
	$ 23.1	$ (15.9)	$ 7.2
Other			
Employer contributions	—	(3.8)	(3.8)
Plan participant contributions	0.7	(0.7)	—
Benefit payments	(6.0)	6.0	—
	(5.3)	1.5	(3.8)
Defined benefit obligation as at December 31, 2020	$135.2	$(123.6)	$ 11.6

Plan assets comprise of the following:

	December 31, 2020
Domestic equity	$ 24.9
Foreign equity	37.8
Fixed income assets	38.4
Other	16.6
Cash and short-term investments	5.9
Total pension plan assets	$123.6

Other post-retirement plans

The Company also provides for other post-retirement benefits, comprised of extended health benefits, dental care and life insurance covering a portion of its employees in Canada. The cost of these benefits is funded primarily out of general revenues. The total estimated contributions expected to be paid to the plans, including the net benefit payments to be made in respect to unfunded plans, for the year ending December 31, 2020 are $5.5 million.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

19. Employee benefits (Continued)

Movement in net defined benefit liability during the period of April 8, 2020 to December 31, 2020:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Defined benefit obligation as at April 8, 2020	$27.5	$ —	$27.5
Included in earnings			
Current service cost	0.3	—	0.3
Past service costs	—	—	—
Interest cost (income)	0.8	—	0.8
	$ 1.1	$ —	$ 1.1
Included in net equity			
Actuarial loss (gain) arising from:			
Financial assumptions	4.4	—	4.4
Experience adjustment	0.1	—	0.1
	$ 4.5	$ —	$ 4.5
Other			
Employer contributions	—	(0.5)	(0.5)
Benefit payments	(0.5)	0.5	—
	$ (0.5)	$ —	$ (0.5)
Defined benefit obligation as at December 31, 2020	$32.6	$ —	$32.6

Actuarial assumptions

The following represents the weighted average of the principle actuarial assumptions used in calculating the defined benefit obligations at the reporting date.

	December 31, 2020
Discount rate	2.6%
Future salary increases	3.5%
Health care trend (Other Post Retirement Benefit Plans)	5.9%
Longevity at age 65 for current pensioners:	
Males	21.9
Females	24.3
Longevity at age 65 for current pensioners aged 45:	
Males	22.9
Females	25.2

As at December 31, 2020, the weighted-average duration of the defined benefit obligation was 15.2 years.

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

19. Employee benefits (Continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

As at December 31, 2020	Increase of 1%	Decrease of 1%
Discount rate	(23.1)	29.6
Future salary growth	0.4	(0.6)
Health care trends rate	4.8	(3.8)
Future mortality	(0.4)	0.4

Defined contribution plans:

The Company maintains defined contribution plans for some of its employees whereby the Company pays contributions based on a percentage of the employees' annual salary. For the period ended December 31, 2020, the Company recorded an expense of $4.7 million related to these plans.

20. Share capital

The authorized shared capital of the Company consists of an unlimited number of common shares.

	Number of common shares (millions)	Amount
Common shares issued at April 8, 2020	483.7	$479.7
Issue of shares during the year	0.7	0.7
Ending balance, as at December 31,2020	484.4	$480.4

21. Share-based compensation

Under the NAHI Stock Option Plan, the Company, at its discretion, may grant stock options to any director, officer or employee of the Company. The Company has issued stock options with an exercise price of $1.00 to $2.56, and vesting periods ranging from December 31, 2020 to December 31, 2022. All stock options are equity-settled, with a maximum term of 10 years.

The stock options are measured at fair value using the Black-Scholes option pricing model and the fair value is expensed on a straight-line basis over the vesting period. The amount expensed from April 8, 2020 to December 31, 2020 was $4.92 million.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in the stock options during the period the period of April 8, 2020 to December 31, 2020:

	Number of options	WAEP
Outstanding at April 8, 2020	—	—
Granted during the year	47,555,723	$1.55
Forfeited during the year	(4,131,775)	$1.55
Exercised during the year	—	—
Expired during the year	—	—
Outstanding at December 31, 2020	43,423,948	$1.55
Exercisable at December 31, 2020	—	—

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

21. Share-based compensation (Continued)

The weighted average remaining contractual life for the share options outstanding as at December 31, 2020 was 9.84 years.

The weighted average fair value of options granted during the period of April 8, 2020 to December 31, 2020 was $0.29.

The range of exercise prices for options outstanding at the end of the year was $1 to $2.56.

The following table list the inputs to the Black Scholes model for the stock option plan for the period ended December 31, 2020:

	December 31, 2020
Weighted average fair values at the measurement date	
Dividend yield	0.00%
Expected volatility	40.00%
Risk-free interest rate	0.38% — 0.49%
Expected life of share options	6 years
Weighted average share price	$1.00

The expected life of the stock options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

22. Financial instruments and fair value disclosures

(a) Financial instruments by category:

The classification of financial instruments and their carrying amounts are as follows as at December 31, 2020:

Financial assets	Financial assets at fair value through earnings	Amortized cost	Other financial assets	Total carrying amount
Financial assets:				
Current:				
Cash and cash equivalents	$ —	$ 78.6	$ —	$ 78.6
Trade and other receivables:				
Trade accounts receivable, net	—	48.7	—	48.7
Other receivables	—	—	26.2	26.2
	—	127.3	26.2	153.5
Financial assets, other:				
Derivative financial instruments	0.8	—	—	0.8
	0.8	$ —	$ —	$ 0.8
Non-current:				
Financial assets, other:				
Derivative financial instruments	9.1	—	—	9.1
	$9.1	$ —	$ —	$ 9.1

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

22. Financial instruments and fair value disclosures (Continued)

Financial liabilities	Financial liabilities at fair value through earnings	Amortized cost	Other financial liabilities	Total carrying amount
Financial liabilities:				
Current:				
Trade and other payables	$ —	$ 65.7	$ —	$ 65.7
Financial liabilities, other:				
Non-trades payables	—	0.8	—	0.8
Derivative financial instruments	0.3	—	—	0.3
Term loan	—	22.0	—	22.0
	$0.3	$ 88.5	$ —	$ 88.8
Lease liabilities	—	7.8	—	7.8
	$0.3	$ 80.7	$ —	$ 81.0
Non-current:				
Financial liabilities, other:				
Non-trades payables	—	—	1.0	1.0
Term loan	—	390.0	—	390.0
Second lien notes	—	147.8	—	147.8
Derivative financial instruments	0.3	—	—	0.3
Lease liabilities	—	12.7	—	12.7
	$0.3	$550.5	$1.0	$551.8

(b) Fair value of financial instruments:

The table below analyzes financial instruments carried at fair value, by valuation method.

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments	$—	$1.0	$8.9	$9.9
Liabilities				
Derivative financial instruments	$—	$0.6	$ —	$0.6

The fair values of the short-term investments are based on their quoted prices. The Company determines fair value of its derivative financial instruments based on internal valuation models, such as discounted cash flow analysis, using management estimates and observable market-based inputs, as applicable. Management estimates include assumptions concerning the amount and timing of estimated future cash flows and application of appropriate discount rates. Observable market-based inputs are sourced from third parties and include interest rates and yield curves, currency spot and forward rates, and credit spreads, as applicable.

During the period, no transfers occurred between the different levels. The fair value increase on financial instruments categorized within Level 3 of $8.9 million, was recorded in the statement of operations and comprehensive loss. The embedded derivative

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

22. Financial instruments and fair value disclosures (Continued)

redemption feature as part of the second lien notes is classified as a Level 3 security. Below is the reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	Embedded derivative asset (Level 3)
Balances as at April 8, 2020	$ —
Additions	1.9
Unrealized gain recognized in the statement of operations and comprehensive loss	7.0
Balances as at December 31, 2020	**$8.9**

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2020 are shown below:

Security	Valuation technique	Significant unobservable input	Input	Sensitivity of the input to fair value
Embedded derivative asset	Interest rate option pricing model	Credit spread	6.2%	0.5% increase (decrease) in the credit spread would result in a decrease in the fair value by $2.6 million and increase in the fair value by $3.0 million

The fair values of other financial assets and liabilities measured at amortized cost, other than those for which the Company has determined that their carrying values approximate their fair values on the consolidated balance sheet as at December 31, 2020 are as follows:

Fair value of long-term debt

December 31, 2020	Level 1	Level 2	Level 3	Total
Term loan	—	$411.9	—	$411.9
Second lien notes	—	147.8	—	147.8
Total	—	$559.7	—	$559.7

(c) Interest Rate Risk

The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt. 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. An increase in interest rates could adversely affect the operations or financial performance of the Company. On December 31, 2020, the Company had $15.5 million drawn on the revolving term facility, all in respect of letters of credit, and $424.1 million outstanding under the Term Loan Facility. Based on the outstanding borrowings under the Credit Facility during fiscal 2020, a 1.00% increase in the average interest rate on our borrowings would have increased interest expense by approximately $3.6 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.

(d) Credit risk:

The Company is exposed to credit risk through its cash and cash equivalents, restricted cash, short-term investments, trade and other receivables, notes receivable and derivative financial instruments.

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.

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

22. Financial instruments and fair value disclosures (Continued)

Customers are assessed for credit risk based on the nature of the customer organization, financial health, and credit history with the Company and others. Credit limits or maximum exposures under revenue contracts are identified, approved and monitored. In some cases, the Company will procure credit insurance to mitigate its exposure.

Trade and other receivables, and notes receivable are considered for impairment on a case by case basis and provided for when objective evidence is received that a customer may default.

The carrying amount of financial assets recognized on the balance sheet as at December 31, 2020 represent their maximum credit exposure, with the exception of derivative financial instruments subject to master netting arrangements.

The Company's credit risk exposure on trade receivables is shown in the following table:

December 31, 2020	Assets	Current	Past due 1 — 30 days	Past due 31 — 60 days	Past due 61 — 90 days	Past due 90+ days	Total
Expected credit loss rate	-1%	—	—	—	—	-21%	-1%
Estimated total gross carrying amount at default	$48.7	$36.4	$6.4	$3.3	$1.2	$ 1.4	$48.7
Expected credit loss	(0.3)	—	—	—	—	(0.3)	(0.3)
	$48.4	$36.4	$6.4	$3.3	$1.2	$ 1.1	$48.4

When executing derivative financial instruments, the Company deals with counterparties and is therefore exposed to credit related losses in the event of non-performance by these counterparties. However, the Company deals with counterparties that are major financial institutions and does not expect any of the counterparties to fail to meet their obligations.

(e) 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, including collection of orbital receivables and advance payments from customers related to long-term construction contracts and service contracts, and access to credit facilities and equity capital resources, including public common share offerings. The Company's short-term cash requirements are primarily to fund working capital, with medium term requirements to service and repay debt, and invest in capital and intangible assets, and research and development for growth initiatives. Cash is also used to pay 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.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

22. Financial instruments and fair value disclosures (Continued)

The maturities of the contractual cash flows of the Company's financial liabilities are shown in the following table:

December 31, 2020	Carrying amount	Contractual cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Non-derivative financial liabilities:						
Trade and other payables	$ 65.7	$ 65.7	$65.7	$ —	$ —	$ —
Financial liabilities, other:						
Non-trades payables	1.8	1.8	0.8	—	0.7	0.3
Term loan	411.9	424.2	21.8	27.2	375.2	—
Second lien notes	147.8	150.0	—	—	—	150.0
	$627.2	$641.7	$88.3	$27.2	$375.9	$150.3
Lease liabilities	20.5	21.3	8.1	7.2	6.0	—
Derivative financial liabilities:						
Foreign exchange forward contracts	0.1	0.1	0.1	—	—	—
Other derivative instruments	0.5	0.5	0.2	0.3	—	—
	0.6	0.6	0.3	0.3	—	—
	$648.3	$663.6	$96.7	$34.7	$381.9	$150.3

(f) Foreign exchange risk:

The Company is exposed to foreign exchange risk on sales contracts, purchase contracts and debt denominated in currencies other than the functional currency of the Company's contracting entity. For Canadian operations, this is typically the United States dollar or Euro. The Company is also exposed to foreign currency risk on the net assets of its foreign operations.

The Company maintains a hedging program and enters into foreign exchange forward contracts to economically hedge the significant majority 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 also enters into foreign exchange forward contracts to manage exposures from certain intercompany loans and miscellaneous foreign currency payables and receivables. 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.

As at December 31, 2020, the Company had Canadian dollar foreign exchange forward purchase contracts for $10 million. The Company also had Canadian dollar foreign exchange forward sales contracts for $0.4 million.

The following table summarizes the Company's foreign exchange forward contracts outstanding, which have been recorded on the balance sheet at fair value as assets and liabilities as appropriate:

December 31, 2020	Notional amount (local currency)	Average exchange rate	Maturity dates	Carrying value asset (liability)
Purchased contracts settled in Canadian dollars:				
Euro	0.2	1.6525	February 2021 — April 2021	$0.0
Sales contracts settled in Canadian dollars:				
U.S. dollar	6.6	1.2779	January 2021 — November 2022	$0.5
Euro	0.8	1.5703	January 2021 — April 2021	—

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

22. Financial instruments and fair value disclosures (Continued)

Cash flow contractual maturities:

The Company applies cash flow hedge accounting when a foreign exchange contract is included in a qualifying hedging relationship.

The following table indicates the periods in which the cash flows associated with designated cash flow hedges are expected to occur and to impact earnings and the carrying amounts of the related hedging instruments:

	Carrying amount	Expected cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Forward exchange forward contracts:						
Assets	$0.6	$0.5	$0.4	$0.1	$—	$—
Liabilities	0.1	0.1	0.1	0	—	—

The following table presents the effect of the strengthening and weakening of various currencies (all other variables remaining constant) on the fair valuation of financial instruments as at December 31, 2020 and the corresponding effect on net earnings and other comprehensive income:

		Currency 1 strengthens 10% against currency 2		Currency 1 weakens 10% against currency 2	
Currency 1	**Currency 2**	**Effect on net earnings**	**Effect on other comprehensive income**	**Effect on net earnings**	**Effect on other comprehensive income**
U.S. dollar	Canadian dollar	$(0.8)	—	$0.8	—
Euro	Canadian dollar	$ 0.1	—	$0.1	—

(g) Master netting agreements:

Certain of the Company's derivative financial assets and liabilities are subject to master netting arrangements that do not meet the offsetting criteria in IFRS as the Company does not have a current legally enforceable right to set off recognized amounts and the intention to settle on a net basis, the assets and liabilities, simultaneously. The right of offset is enforceable only on the occurrence of a future trigger such as a credit event.

The following table sets out the carrying amounts of foreign exchange forward contracts that are subject to the master netting agreements described above:

	Gross and net amounts in the Consolidated balance sheet	Financial instruments that are not offset	Amount if presented net
Derivative financial assets:			
Forward exchange forward contracts:	$0.6	$0.1	$0.5
Derivative financial liabilities:			
Forward exchange forward contracts:	0.1	0.1	—

23. Capital management

The Company's primary capital management objectives are to provide an adequate return to shareholders, provide adequate and efficient funding of operations, finance growth, preserve financial flexibility to benefit from potential opportunities as they arise and comply with borrowing covenants.

23. Capital management (Continued)

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company's performance against its financial covenants is discussed in detail in Note 17. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

24. Government assistance

(a) Investment tax credits

During the period, the Company recognized investment tax credits of $13.3 million as a reduction of cost of revenues. The Company has investment tax credits of approximately $45.4 million available to offset future Canadian Federal and Provincial income taxes payable which expire between 2025 and 2040. Investment tax credits are only recognized in the financial statements when the recognition criteria have been met as described in Note 3.

(b) Government grants

(i) Investissement Québec:

On November 15, 2010, the Company signed a non-refundable contribution agreement ("Grant") and an interest free refundable contribution agreement ("Interest Free Loan") with Investissement Québec ("IQ") relating to the expansion of the plant ("Project") at its Sainte-Anne-de-Bellevue subsidiary.

Under the Grant, the Company was eligible to receive funding for certain Project expenditures incurred from January 1, 2010 to December 31, 2014 to a maximum of $9.0 million. Payments made from the Grant can become conditionally repayable if certain average employment targets were not met from January 1, 2012 to December 31, 2018, of which the requirements were met during the period.

Under the Interest Free Loan, the Company was eligible to receive interest free repayable funding for certain eligible Project expenditures incurred from January 1, 2010 to December 31, 2014 to a maximum of $9.0 million. As at December 31, 2020, the Company has received the maximum of $9 million under the Interest Free Loan. The loan is repayable in 84 equal and consecutive monthly installments beginning three years subsequent to the receipt of the first disbursement on February 1, 2013. The Company began repaying the loan in the first quarter of 2016. For the period ended December 31, 2020, the Company repaid $nil for the Interest Free Loan. As at December 31, 2020, the discounted Interest Free Loan payable balance of $nil is recorded in financial liabilities.

(ii) Technology Demonstration Program:

On May 5, 2016, the Company was awarded a contribution agreement valued at $54.0 million by Innovation, Science and Economic Development under the Technology Demonstration Program ("TDP"). The TDP program contributes funding towards large-scale research and development projects that typically require the integration of several different technologies and the coordination of activities of many partners. The Company will coordinate with a team of Canadian partners, both in industry and academia, to develop innovative technology for space communications and space surveillance. Under the agreement, the Company and its partners can claim 50% of eligible costs up to $108.0 million for the period August 12, 2014 through to March 31, 2021. Of this total, the Company is eligible to receive a maximum contribution of $31.5 million based on 50% of eligible costs up to $63.0 million. During the period ended December 31, 2020, the Company recorded a recovery against direct costs, selling, general and administration of $3.1 million for its portion of 50% of eligible costs incurred. For the period ended December 31, 2020, the Company received proceeds of $5.2 million in respect of its claim for 50% of eligible expenditures.

(iii) Government of Canada:

The Company's Canadian operations have traditionally received funding under contract from the Government of Canada under several programs that support the development of new commercial technologies and products for delivery to customers of the Government of Canada. This funding is subject to possible repayment in the form of royalties, generally not exceeding 5% of future revenues, on commercialization of that intellectual property by the Company. For the period ended December 31, 2020, no funding was received under these programs.

(Amounts in millions of Canadian dollars, except
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24. Government assistance (Continued)

(iv) Canada Emergency Wage Subsidy ("CEWS"):

In response to the Covid-19 pandemic, the Government of Canada offered employers a wage subsidy to assist in retaining employees throughout the pandemic. The Company received $41.6 million in CEWS in 2020. As a result of the subsidy, the Company did not reduce headcount during the fiscal year.

(v) Atlantic Canada Opportunities Agency ("ACOA"):

On Sept 2007 the company entered into a contribution agreement for a maximum of $2.8 million. The AOCA program contributes funding towards strengthen the economy of Atlantic Canada by supporting the development of knowledge-based industry. ACOA will help increase the region's capacity to carry out leading-edge research and development that directly contributes to the development of new technology-based economic activity in Atlantic Canada. Repayment is based on % of Gross Revenue from the Resulting Product built from the funds, with repayments commencing Sept 1, 2014. For Year 1 to 2 thereafter the repayments are based on 1% of gross revenue from the sale of the product, Year 3 to 7.5% of gross revenue from the sale of the product and years 8 to 10 at 10% gross revenue from the sale of the product. Repayments continue at the applicable percentage until the full amount of the original contribution has been repaid in full, unless the repayment obligation is terminated in accordance with the terms of the agreement. The repayment obligation can be terminated prior to repayment of the full contribution amount if MDA has complied with its commercialization obligations under the agreement and MDA can demonstrate to ACOA that gross revenues have not been or will not continue to be generated from the Resulting Product. MDA has not generated any revenue from the Resulting Product to date. As at December 31, 2020, the discounted Interest Free Loan payable balance of $2.7 million is recorded in financial liabilities.

25. Income taxes

(a) Income tax expense is comprised of the following:

	Period ended December 31, 2020
Current tax expense:	
Current period	$ 12.0
Deferred tax expense:	
Origination and reversal of temporary differences	(12.5)
Change in unrecognized deductible temporary differences	—
Income tax recovery	$ 0.5

(b) Consolidated other comprehensive income

	Period ended December 31, 2020
Remeasurement (gain)/loss on actuarial gains and losses	$3.1
Deferred tax credit to OCI	$3.1

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

25. Income taxes (Continued)

(c) A reconciliation of income taxes at statutory rates to actual income tax expense is as follows:

	Period ended December 31, 2020
Statutory Federal and Provincial tax rate in Canada	27%
Income tax expense (recovery) at statutory tax rates	$(4.9)
Earnings subject to different rates	0.1
Change in statutory rates	0.1
Change in uncertain tax positions	(0.3)
Share-based compensation	1.4
Non-deductible impairment	3.3
Other permanent differences	(0.2)
	$(0.5)

(d) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following temporary differences as at December 31, 2020:

Tax losses	$7.7

(e) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

December 31,2020	Assets	Liabilities	Net
Construction contract assets and liabilities	$ —	$ 3.0	$ (3.0)
Property, plant and equipment	—	16.4	(16.4)
Intangible assets and goodwill	—	150.8	(150.8)
Investment tax credits	9.4	14.8	(5.4)
Trade and other payables	5.0	—	5.0
Employee benefits	11.9	—	11.9
Tax loss carry forwards	6.9	—	6.9
Other items	4.8	0.5	4.3
Tax assets (liabilities)	38.0	185.5	(147.5)
Set off of tax	(26.8)	(26.8)	—
Net tax assets (liabilities)	$ 11.2	$158.7	$(147.5)

(Amounts in millions of Canadian dollars, except
share-based compensation awards and per share amounts)

25. Income taxes (Continued)

(f) Movement in temporary differences during the periods

	April 8, 2020	Recognized in statement of earnings	Recognized in equity	Recognized in goodwill	Balance as at December 31, 2020
Construction contract assets and liabilities	$ (4.3)	$ 1.3	$ —	$ —	$ (3.0)
Property, plant and equipment	(9.2)	(6.7)	—	(0.5)	(16.4)
Intangible assets and goodwill	(168.6)	17.8	—	—	(150.8)
Investment tax credits	(6.2)	0.8	—	—	(5.4)
Trade and other payables	4.1	0.9	—	—	5.0
Employee benefits	8.7	0.1	3.1	—	11.9
Tax loss carry forwards	3.4	3.5	—	—	6.9
Other items	9.5	(5.2)	—	—	4.3
	$(162.6)	$12.5	$3.1	$(0.5)	$(147.5)

(g) As at December 31, 2020 the Company has non-capital losses carried forward for tax purposes totaling approximately $31.9 million that are available to reduce taxable income of future years. These non-capital losses carried forward expire as follows:

	Amount
2026	$ 1.4
2027	0.9
2028	5.8
2029	1.3
2030	1.1
2031	0.2
2032	—
2033	0.4
2034	0.4
2035	0.3
2036	0.3
2037	0.2
2038	0.4
2039	—
2040	11.8
No expiry	7.4
	$31.9

(h) As at December 31, 2020, the Company had no taxable temporary differences relating to investments in subsidiaries.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

26. Loss per share

The following table reflects the income and share data used in the basic and diluted loss per share calculations:

	December 31, 2020
Net loss	$ (17.3)
Weighted average shares outstanding (millions)	484.11
Basic and diluted net loss per share attributable to common stockholders	$ (0.04)

27. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties along with their relationship. i

Compensation of key management personnel

The remuneration of key management personnel consisted of salaries, short-term benefits and share based payments. During the period ended December 31, 2020, the compensation for key management personnel are summarized below:

	April 8, 2020 to December 31, 2020
Short-term employee benefits	$ 7.6
Post-employment benefits	0.1
Termination benefits	9.0
Share-based payment	4.9
Total key management personnel compensation	$21.6

28. Contingencies and commitments

(a) As of December 31, 2020, the Company is committed under legally enforceable agreements for purchases and rental payments for amounts as follows:

	Purchases obligations	Lease	Total
2021	$44.2	$ 8.1	$52.3
2022	6.5	7.2	13.7
2023	0.5	5.9	6.4
2024	—	0.1	0.1
Thereafter	—	—	—
	$51.2	$21.3	$72.5

Purchase obligations relate to commitments for purchases of property, plant and equipment, intangible assets. Lease liability includes minimum rental payments primarily for office space, manufacturing facilities, and equipment.

(b) The Company enters into agreements in the ordinary course of business with resellers and others. Most of these agreements require the Company to indemnify the other party against third-party claims alleging that one of its products infringes or misappropriates a patent, copyright, trademark, trade secret or other intellectual property right. Certain of these agreements require the Company to indemnify the other party against claims relating to property damage, personal injury or acts or omissions by the Company, its employees, agents or representatives.

(c) From time to time, the Company has made guarantees regarding the performance of its systems to its customers. Some of these agreements do not limit the maximum potential future payments the Business could be obligated to make. The Company evaluates and estimates potential losses from such indemnification based on the likelihood that the future event will occur. To

28. Contingencies and commitments (Continued)

date, the Company has not incurred any material costs as a result of such obligations and has not accrued any liabilities related to such indemnification and guarantees in the consolidated financial statements.

(d) The Company has entered into industrial cooperation agreements, sometimes referred to as offset agreements, as a condition to entering into contracts for its products and services from certain customers in foreign countries. These agreements are designed to return economic value to the foreign country and may be satisfied through activities that do not require a direct cash payment, including transferring technology, providing manufacturing, training and other consulting support to in-country projects. These agreements may provide for penalties in the event the Company fails to perform in accordance with offset requirements. The Company has historically not been required to pay any such penalties.

(e) The Company is a party to various other legal proceedings and claims that arise in the ordinary course of business as either a plaintiff or defendant. The Company analyzes all legal proceedings and the allegations therein. The outcome of any of these other proceedings, either individually or in the aggregate, is not expected to have a material adverse effect on the Company's consolidated financial position, consolidated results of operations or liquidity.

29. Subsequent events

On February 18, 2021, the Company issued 30 million common shares for a subscription price of $30 million to a private investor.

APPENDIX B
MDA CANADA FINANCIAL STATEMENTS

Combined Carve-Out Financial Statements
(In millions of Canadian dollars)

MDA CANADA (note 1)

And Independent Auditors' Report thereon

Period ended April 7, 2020
Years ended December 31, 2019, and 2018

INDEPENDENT AUDITORS' REPORT

To the Owner of MDA Canada

Opinion

We have audited the combined carve-out financial statements of MDA Canada (as defined in note 1 to the financial statements) (the Entity), which comprise:

- the combined carve-out statements of financial position as at April 7, 2020, December 31, 2019 and 2018
- the combined carve-out statements of earnings for the period from January 1, 2020 to April 7, 2020 and the years ended December 31, 2019 and 2018
- the combined carve-out statements of changes in net parent equity for the period from January 1, 2020 to April 7, 2020 and the years ended December 31, 2019 and 2018
- the combined carve-out statements of cash flows for the period from January 1, 2020 to April 7, 2020 and the years ended December 31, 2019 and 2018
- and notes to the combined carve-out financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined carve-out financial position of the Entity as at April 7, 2020, December 31, 2019 and 2018, and its combined carve-out results of operations and its combined carve-out cash flows for the period from January 1, 2020 to April 7, 2020 and the years ended December 31, 2019 and 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Basis of Preparation

We draw attention to notes 1 and 2 to the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

/s/ KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 19, 2021

MDA CANADA (note 1)
COMBINED CARVE-OUT STATEMENTS OF EARNINGS
(In millions of Canadian dollars)

	Note	Period from January 1, 2020 to April 7, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	5	$115.9	$ 487.5	$ 547.3
Direct costs, selling, general and administration	6	(98.2)	(356.5)	(379.6)
Depreciation and amortization		(7.0)	(19.3)	(13.3)
Foreign exchange gain (loss)		(3.5)	(1.5)	0.5
Other expense	7	(1.8)	(13.6)	(4.9)
Impairment	9	(16.4)	(16.3)	—
Earnings (loss) before interest and income taxes		(11.0)	80.3	150.0
Finance income		0.2	—	6.7
Finance expense		(2.2)	(2.2)	(2.1)
Earnings (loss) before income taxes		(13.2)	78.1	154.6
Income tax expense	20(a)	(5.7)	(5.1)	(33.8)
Net earnings (loss)		$ (18.9)	$ 73.0	$ 120.8

See accompanying notes to combined carve-out financial statements.

MDA CANADA (note 1)
COMBINED CARVE-OUT STATEMENTS OF FINANCIAL POSITION
(In millions of Canadian dollars)

	Note	April 7, 2020	December 31, 2019	December 31, 2018
Assets				
Current assets:				
Cash and cash equivalents		$ —	$ 62.0	$ 22.3
Trade and other receivables, net	8	181.8	226.3	167.9
Financial assets, other	9(a)	4.7	8.1	10.2
Inventories		5.1	1.7	2.3
Non-financial assets	11(a)	9.4	9.3	9.1
Current tax assets		93.1	92.6	90.0
		294.1	400.0	301.8
Non-current assets:				
Financial assets, other	9(a)	0.5	16.7	33.9
Non-financial assets	11(a)	3.2	2.2	0.3
Deferred tax assets	20(d)	84.7	84.1	90.6
Property, plant and equipment	12	32.7	33.6	38.4
Right-of-use assets	12	19.2	17.9	—
Intangible assets	13(a)	31.0	34.9	41.8
Goodwill	13(c)	135.6	134.1	135.2
		306.9	323.5	340.2
		$601.0	$723.5	$642.0
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables		$ 86.8	$135.6	$116.8
Current tax liabilities		15.2	22.1	16.4
Financial liabilities, other	9(b)	5.0	2.8	11.7
Provisions	14	5.5	6.5	5.7
Employee benefits	15(a)	24.7	27.8	26.7
Contract Liabilities	10	48.5	48.6	46.2
Current portion of lease liabilities	3	7.0	7.1	—
Current portion of finance lease obligations		1.0	1.3	2.0
		193.7	251.8	226.5
Non-current liabilities:				
Financial liabilities, other	9(b)	2.0	3.7	6.4
Provisions	14	1.6	1.1	9.8
Employee benefits	15(a)	31.7	27.0	24.3
Deferred tax liabilities	20(d)	17.8	16.4	22.6
Lease liabilities	3	9.9	11.0	—
Finance Lease Obligations		1.8	2.4	3.4
		258.5	313.4	292.0
Net parent equity		342.5	410.1	350.0
		$601.0	$723.5	$642.0

Contingencies and commitments (note 21)

See accompanying notes to combined carve-out financial statements.

MDA CANADA (note 1)
COMBINED CARVE-OUT STATEMENTS OF CHANGE IN NET PARENT EQUITY
(In millions of Canadian dollars)

Period from January 1, 2020 to April 7, 2020
Years ended December 31, 2019, and 2018

Balance as at December 31, 2017	**$221.8**
Net earnings	120.8
Change in net parent equity	7.4
Balance as at December 31, 2018	**350.0**
Net earnings	73.0
Change in net parent equity	(12.9)
Balance as at December 31, 2019	**410.1**
Net loss	(18.9)
Change in net parent equity	(48.7)
Balance as at April 7, 2020	**$342.5**

See accompanying notes to combined carve-out financial statements.

MDA CANADA (note 1)
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS
(In millions of Canadian dollars)

	Note	Period from January 1, 2020 to April 7, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows provided by (used in):				
Operating activities:				
Net earnings (loss)		$(18.9)	$ 73.0	$120.8
Adjustments to reconcile to net cash from operating activities:				
Depreciation of property, plant and equipment and right-of-use assets	12	5.3	14.7	8.2
Amortization of intangible assets	13(a)	1.7	6.4	5.1
Share-based compensation expense (recovery)	16(f)	1.1	4.1	(2.8)
Post-retirement benefits expense		1.6	5.9	6.9
Finance income		(0.2)	(0.1)	(6.7)
Finance expense		2.2	2.2	2.1
Unrealized foreign exchange loss (gain)		4.5	(1.4)	3.3
Income tax (recovery)		1.8	(9.2)	—
Impairment loss		16.4	16.3	—
Repatriation add back		26.9	35.9	—
Income taxes paid		(9.6)	(14.1)	(5.0)
Income taxes recovered		2.3	5.5	8.2
Changes in operating assets and liabilities:				
Trade and other receivables		(3.2)	19.3	15.4
Current financial assets, other		3.4	2.3	4.4
Inventories		(3.3)	0.5	(1.0)
Income tax receivable		(2.6)	(9.3)	1.4
Other tax receivable		(0.1)	1.1	(3.1)
Current other assets		(1.2)	(2.4)	12.3
Trade and other payables		(4.7)	(28.3)	1.1
Contract liabilities		—	2.6	(12.2)
Employee benefits		(3.7)	(3.0)	(5.4)
Financial liabilities, other, net		6.9	(16.1)	(7.1)
Current tax liabilities		(12.1)	6.4	(80.1)
Provisions		(0.5)	(7.9)	6.1
Cash provided by operating activities		14.0	104.4	71.9
Investing activities:				
Purchase of property, plant and equipment	12	(3.1)	(5.8)	(10.2)
Purchase/development of intangible assets	13(a)	(0.5)	(3.2)	(8.7)
Acquisitions, net of cash acquired	13(b)	—	—	(7.6)
Interest received on short-term investments and others		—	—	0.3
Cash used in investing activities		(3.6)	(9.0)	(26.2)
Financing activities:				
Payment of leases		(2.5)	(9.2)	—
Net parent investment		(69.9)	(46.5)	(35.2)
Cash used in financing activities		(72.4)	(55.7)	(35.2)
Increase (decrease) in cash and cash equivalents		(62.0)	39.7	10.5
Cash and cash equivalents, beginning of period		62.0	22.3	11.8
Cash and cash equivalents, end of period		$ —	$ 62.0	$ 22.3

See accompanying notes to combined carve-out financial statements.

1. General business description:

MDA Canada (the "Business") primarily comprises the Canadian operations of Maxar Technologies Inc. ("Maxar" or the "Parent"). Maxar is a global leader of advanced space technology solutions and is at the nexus of the new space economy, developing and sustaining the infrastructure and delivering the information, services, and systems that unlock the promise of space for commercial and government markets. On December 30, 2019, Maxar entered into a definitive agreement to sell MDA Canada to a consortium of financial sponsors led by Northern Private Capital ("NPC"). This sale closed on April 8, 2020.

2. Basis of preparation:

(a) Basis of presentation:

These combined financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accompanying combined financial statements have been prepared from the consolidated financial statements of Maxar using the historical results of operations and historical cost basis of the assets and liabilities of Maxar that comprise the Business. These financial statements have been prepared on a combined, carve-out basis as the Business represents a portion of Maxar's business and does not constitute a separate dedicated legal entity or solely dedicated group of legal entities. The historical results of operations, financial position and cash flows of the Business may not be indicative of what they would actually have been had the Business been a separate stand-alone entity, nor are they indicative of what the Business's results of operations, financial position and cash flows may be in the future. The combined financial statements have been prepared solely to demonstrate the Business's historical results of operations, financial position, and cash flows of the Business for the indicated periods under the Parent's management.

The accompanying combined financial statements do not include assets and liabilities that are not specifically identifiable with the Business. Costs directly related to the Business have been entirely attributed to the Business in the accompanying combined financial statements. The Business also receives services and support functions from the Parent. The Business's operations are dependent upon the Parent's ability to perform these services and support functions. The costs associated with these services and support functions have been allocated to the Business using methodologies primarily based on proportionate assets, expenses, revenues, tax functions, treasury functions or proportionate equity characteristics of the Business compared to the Parent, as considered to be most meaningful in the circumstances. These allocated costs are primarily related to corporate administrative expenses, employee related costs including pensions and other benefits for corporate and shared employees, and rental and usage fees for shared assets for the following functional groups: information technology, legal services, accounting and finance services, human resources, marketing and product support, product development, customer support, treasury, facility and other corporate and infrastructural services. These allocated costs are recorded primarily in direct costs, selling, general and administration expenses in the combined statements of earnings. Income taxes have been accounted for in these combined financial statements as described in Notes 2(e) and 4(q).

The Parent incurred significant loan and financing costs in line with financing its operations and specifically related to the 2017 acquisition of DigitalGlobe, Inc. The combined financial statements have been prepared with no allocation of the long term financing arrangements held at the corporate level as there is no direct legal link of such financings to the assets or other economic activities that are recognized in the combined financial statements, nor would any of these financing arrangements be part of the Business's future liability balances. The security for the Parent's syndicated credit facility included certain tangible and intangible assets of the Business.

For each of the Parent's businesses, the Parent used a centralized approach to cash management and financing of its operations. Central treasury activities include the investment of surplus cash, the issuance, repayment and repurchase of short-term and long-term debt and interest rate management. The financial systems of the Business were not designed to track certain balances and transactions at a business unit level, inclusive of derivative settlements. The cash pooling operations of the corporate entities were designed to attribute the balances of such entities toward the Parent's pooling operations. Accordingly, pooling operations and hedging positions for treasury functions have been allocated to the combined financial statements based on the Business's proportionate activities to that of the Parent as a whole. As no cash was to be left upon closing of the sale, the Parent has repatriated the cash from the Business at period end.

All Parent funding to the Business since inception has been accounted for as capital contributions from the Parent and all cash remittances from the Business to Maxar have been accounted for as distributions to the Parent, including allocation of expenses and settlement of transactions with the Parent. In addition, net parent equity represents Maxar's interest in the recorded net

2. Basis of preparation: (Continued)

assets of the Business and represents the cumulative net investment by Maxar in the Business through the dates presented and cumulative operating results, including other comprehensive loss. Changes in the net parent investment amount reflects the changes in the contributions and distributions of the Parent. The Business did not comprise a single separate legal entity or group of entities under a single parent during the periods presented and, therefore, it is not meaningful to present share capital or an analysis of reserves.

Management believes the assumptions and allocations underlying the combined financial statements are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by Maxar to be a reasonable reflection of the utilization of services provided to or the benefit received by the Business during the years presented. However, these assumptions and allocations are not necessarily indicative of the costs the Business would have incurred if they had operated on a standalone basis or as an entity independent of Maxar, nor are they indicative of future operational costs for any forward-looking information. Actual costs that may have been incurred if the Business had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

(b) COVID-19 Estimation Uncertainty:

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Business' operations during the period ended April 7, 2020.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Business, financial position and operating results in the future. In addition, it is possible that estimates in the Business's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Business is closely monitoring the impact of the pandemic on all aspects of its business.

(c) Basis of measurement:

These combined financial statements are presented in Canadian dollars and have been prepared on a historical cost basis, except for certain financial assets and liabilities including derivative financial instruments which are stated at fair value.

(d) Operating cycle:

The Business defines its operating cycle based on the duration of its contracts with customers and suppliers. The Business enters into a significant number of contracts where the duration is more than twelve months and as a result, certain current assets and liabilities may have terms greater than twelve months.

(e) Principles of combination:

These combined financial statements include the Business's net assets and results of operations as described above. All intercompany transactions and accounts within the combined Business have been eliminated.

Intercompany transactions between the Business and the Parent and its other subsidiaries considered related to operating activities are recognized in these combined financial statements. Other intercompany transactions are considered to be effectively settled in the combined financial statements at the time the transaction is recorded, and their total net effect of the settlement is reflected in the combined statements of cash flows within financing activities and in the combined balance sheets within net parent equity.

The combined historical financial information is not prepared on a consolidated basis and, therefore, does not comply with the requirements of IFRS 10 — *Consolidated Financial Statements*. However, the combined historical financial information has been prepared on a combined basis applying the principles underlying the consolidation procedures of IFRS 10.

In addition, the combined financial statements have been prepared taking into account the following allocation considerations:

Share based compensation:

The Business has historically benefited from the Parent's share-based compensation arrangements for employees of the Business and for executives and personnel serving in a corporate function. Historically, Maxar recognized stock-based compensation

2. Basis of preparation: (Continued)

charges within the relevant legal entities for employees that served a corporate function across the entire business structure. For purposes of these combined financial statements, share based compensation expense has been allocated and recognized based on an allocation of a proportion of the overall stock based compensation of Maxar calculated by reference to the award grants held by direct employees of the Business that are to the Parent as a whole.

Income taxes:

The (provision for) benefit from income taxes and other tax related information contained in these combined financial statements are presented on a separate return basis as if the Business filed its own tax returns based on the carve-out methodology applied as described elsewhere herein. To the extent that legal entities that are included in the Business have loss carryforwards or other tax attributes that did not arise from transactions included in the combined statements of earnings, tax assets are recognized in accordance with IFRS with an offsetting deemed capital contribution included in net parent equity. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Business were a separate taxpayer and a standalone enterprise for the periods presented. Current income tax liabilities related to entities which file jointly with Parent are assumed to be immediately settled with Parent and are relieved through net parent equity.

Goodwill:

The Business has recognized goodwill in the combined financial statements on an acquired business basis without consideration of any adjustments or reallocations made by the Parent for the purposes of its separate consolidated reporting. Under this basis, goodwill is recognized when an acquisition is made that is a business combination accounted for by the acquisition method under IFRS based on the goodwill in the acquired Business purchase price allocation. In addition, assessments for impairment are made based on the carrying value of the net assets and the identified cash generating units of the Business. During the year ended December 31, 2018, the Parent recorded a material goodwill impairment in its fiscal 2018 US GAAP financial statements. However, as the goodwill impairment charge recognized by the Parent is not representative of the accounting bases and activities recognized by the Business, these combined financial statements do not include a goodwill impairment charge as the fair value of the cash generating units of the Business at the relevant dates was greater than their carrying value.

(f) Use of estimates, assumptions and judgments:

The preparation of these combined financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates, assumptions and judgments are based on historical experience and various factors that management believes to be reasonable under the circumstances.

(*i*) Use of estimates and assumptions:

Management reviews estimates and underlying assumptions 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. Actual results may differ from these estimates. The most notable estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are in the areas of revenue recognition, recoverability of deferred tax assets and the assessment of the impact of any tax uncertainties in various jurisdictions, and the assessment for impairment of financial and non-financial assets. Other areas that require the use of estimates and assumptions include estimating useful lives of long-lived assets, fair valuation of financial instruments, provisions, pension and post-retirement benefit obligations, and share-based compensation. Additional information on these estimates is included in note 4 of the respective note for each topic.

(*ii*) Judgments:

Management uses judgment when applying accounting policies and when making estimates and assumptions as described above. The most significant areas that require judgments relate to the recognition of investment tax credits, derecognition of financial assets and impairment of financial assets. Other areas that require judgment include determining separately identifiable components of a contract arrangement for revenue recognition, hedge accounting and recognition of contingent liabilities. Additional information on these estimates is included in note 4.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

2. Basis of preparation: (Continued)

(g) Comparative information:

Certain comparative information has been reclassified for comparative purposes for the current year. There is no impact on net income as a result of these reclassifications.

3. Leases:

IFRS 16 — *Leases:*

Effective January 1, 2019, the Business adopted IFRS 16, *Leases* (“IFRS 16”). The Business applied the standard using a modified retrospective approach. Comparative information has not been restated. As a result of adopting IFRS 16, the Business recorded a right-of-use asset and lease obligation of $19,000,000 and $23,000,000, respectively at January 1, 2019. The adoption of IFRS 16 had no impact to the Business’s net parent equity as at January 1, 2019 nor has there been a material change to the Business’s financial position. When measuring lease liabilities the Business discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average applied is 6.2%.

The Business has elected to apply the practical expedient not to apply the recognition requirements of IFRS 16 to short-term leases and leases of low value assets. The Business has also made use of the practical expedient not to reassess whether a contract entered into prior to January 1, 2019 is or contains a lease.

Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered into or changed before January 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease obligation at commencement for all leases.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The following table reconciles the difference between the Business operating lease commitments disclosed as at December 31, 2018 under IAS 17 and lease liabilities recognized in the consolidated statement of financial position on initial application of IFRS 16 as at January 1, 2019 and December 31, 2019:

	Lease liabilities
Operating lease commitments at December 31, 2018 as disclosed under IAS 17 in the Business’s financial statements	$26.8
Discounted using the incremental borrowing rate at January 1, 2019	23.5
Lease liabilities recognized at January 1, 2019	23.5
Lease payments	(6.7)
Interest on lease liabilities	1.3
Lease liabilities recognized at December 31, 2019	18.1
Lease payments	(1.5)
Interest on lease liabilities	0.3
Lease liabilities recognized at April 7, 2020	$16.9

4. Significant accounting policies:

(a) Key management compensation:

As noted above, the combined financial statements for the Business have been presented with allocable costs. Historical payment and determination of key management compensation was done by the Parent. As a result, the disclosure of key management

4. Significant accounting policies: (Continued)

compensation is contained within the Parent's proxy filings as required by the SEC for its SEC filings. Allocable costs have been attributed to the Business within the combined financial statements, but as they do not represent certain key individuals in line with the requirements of IFRS, no separate key management comparative disclosure has been made within these combined financial statements.

(b) Foreign currency:

The combined financial statements of the Business are presented in Canadian dollars.

(*i*) Transactions in foreign currency:

Each entity within the Business records transactions using its functional currency, being the currency of the primary economic environment in which it operates. Foreign currency transactions are translated into the respective functional currency of each entity using the foreign currency rates prevailing at the date of the transaction. Period end balances of monetary assets and liabilities in a foreign currency are translated to the respective functional currencies using period end foreign currency rates. Foreign currency gains and losses arising from settlement of foreign currency transactions are recognized in earnings.

(*ii*) Foreign operations translation:

The assets and liabilities of operations with a functional currency other than Canadian dollars are translated into Canadian dollars at period end foreign currency rates. Revenues and expenses of such operations are translated into Canadian dollars at average rates for the period. Cumulative foreign currency translation gains and losses, which are not material, are recognized in net parent equity.

(c) Revenue recognition:

Revenue is recognized in accordance with the five step model set forth by IFRS 15, which involves identification of the contract(s), identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations, and recognition of revenue as the performance obligations are satisfied.

Revenue is measured at the fair value of consideration received or receivable, net of discounts and is after eliminating intercompany sales. When consideration received from customers includes advance payments that contain a financing element, the Business imputes interest on such advance payments and recognizes such amounts as a component of revenue.

Contract costs generally include direct costs such as materials, labor, and subcontract costs. Costs are expensed as incurred except for incremental costs incurred to obtain or fulfill a contract, which are capitalized and amortized on a straight-line basis over the expected period of performance.

(*i*) Construction contracts:

Revenues are primarily generated from long-term construction contracts. Due to the long-term nature of these contracts, revenue is generally recognized over time utilizing a cost-to-cost approach, which requires the Business to make estimates regarding the revenue and cost associated with the design, manufacture and delivery of its products and services. The Business's long-term construction contracts generally consist of a single performance obligation due to the integrated nature of the goods or services in contracts. Revenue from construction contracts includes initial contract amounts, variations in contract work, claims, incentive payments, shipping and handling costs and the fair value of customer furnished materials as appropriate in the circumstances. Variable consideration is recognized in the contract transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Construction contracts may include performance incentives whereby payment for a portion of the purchase price is contingent upon in-orbit performance of the satellite. Liquidated damages can be incurred on programs as a result of delays due to slippage or for programs which fail to meet all milestone requirements as outlined within the contractual arrangements with customers. Losses related to liquidated damages result in a reduction of revenue recognition.

Construction contracts have termination and default clauses. If a contract is terminated for convenience by a customer or due to a customer's default, the Business is typically entitled to costs incurred plus a reasonable profit.

4. Significant accounting policies: (Continued)

(*ii*) Service contracts:

Cost-plus-fixed-fee contracts — A cost plus contract is primarily made up of three components: direct costs (labor costs, subcontractor labor, travel and/or other direct costs), indirect costs (fringe benefit costs, overhead and general and administrative costs) and an agreed upon fee. The fee for this type of contract is established at the onset of contract as negotiated with the customer. Pricing for the cost portion of the contract is established on the basis of, among other things, actual labor rates, and projected average rates.

Time and materials — Contracts structured as time and materials are billed to the customer as labor hours are incurred at contractually agreed upon rates, with such rates agreed upon by the Business and the Customer and inclusive of margin to the Business.

Firm fixed price — Contracts structured as firm fixed price bill the customer a fixed fee for a specified service with such amount typically billed as milestones are met by the Business. Revenue from the sale of certain services that include the supply of processed data or data products is recognized upon delivery.

Regardless of the contract structure noted above, revenue is recognized over time. Given the fact that in almost all cases, the customer controls the related work-in-progress, an input measure is the most appropriate basis with which to measure progress. Finally, as cost of labor is the predominant measure by which these contracts are structured, the Business recognizes revenue using a cost-incurred approach.

Contract liabilities primarily consist of advance payments, billings in excess of costs incurred and deferred revenue. Changes in contract liabilities are primarily due to the timing difference between the Business's performance of services and payments from customers. To determine revenue recognized from contract liabilities during the reporting periods, the Business allocates revenue to individual contract liability balances and applies revenue recognized during the reporting periods first to the beginning balances of contract liabilities until the revenue exceeds the balances.

(d) Research and development:

Research costs are expensed in the period incurred. Development costs are capitalized and recorded as an intangible asset if technical feasibility has been established and it is considered probable that the Business will generate future economic benefits from the asset created on completion of development. The costs capitalized include materials, direct labour, directly attributable overhead expenditures and borrowing costs on qualifying assets. Other development costs are expensed in the period incurred.

(e) Government assistance and investment tax credits:

Government assistance includes government grants, below-market rate of interest loans and investment tax credits and is recognized when there is reasonable assurance that the Business will comply with the relevant conditions and that the government assistance will be received.

Government assistance that meets the recognition criteria and that relates to current expenses is recorded as a reduction of the related expenses in direct costs, selling, general and administration. Government assistance that meets the recognition criteria and that relates to the acquisition of an asset is recorded as a reduction of the cost of the related asset. If government assistance becomes repayable, the inception to date impact of assistance previously recognized in earnings is reversed immediately in the period that the assistance becomes repayable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Investment tax credits, whether or not recognized in the financial statements, may be carried forward to reduce future Canadian Federal and Provincial income taxes payable. The Business applies judgment when determining whether the reasonable assurance threshold has been met to recognize investment tax credits in the financial statements. The Business 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 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 financial statements.

4. Significant accounting policies: (Continued)

(f) Stock-based compensation:

The Parent maintains a number of share-based compensation plans for certain employees and directors that may be settled with cash and/or equity. For certain share-based compensation plans, the Parent has the ability to mandate equity settlement by issuing shares from treasury. Accounting for share-based compensation plans as equity or liability settled in these combined financial statements has been applied consistently to that of the Parent in its corporate reporting. Share-based compensation plans are measured at fair value using the Black-Scholes option pricing model and the fair value is expensed on a straight-line basis over the vesting period. Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected plan lives, underlying share price volatility over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in earnings.

The fair value of cash-settled plans is recognized as a liability in the combined balance sheet and is re-measured and charged to earnings at each reporting date until the award is settled.

The fair value of equity-settled plans is recognized in net parent equity in the combined balance sheet. Equity-settled plans are measured based on the grant date fair value of the award including the impact of estimated forfeitures and are not re-measured.

(g) Finance income and finance expense:

Finance income is comprised of interest income and gains on disposals of available-for-sale assets. Interest income is recognized as it accrues in earnings, using the effective interest method.

Finance expense is comprised of borrowing cost on finance leases, operational financings, net interest expense on the net liability of defined benefit pension and other post-retirement benefits plans and the cost of forward points from foreign exchange forward contracts. All finance costs are recognized in earnings using the effective interest method. Finance costs exclude borrowing costs attributable to the construction of qualifying assets, which are assets that take a substantial period of time to prepare for their intended use. Borrowing costs associated with qualifying assets are added to the cost of the related assets. No finance costs were capitalized to construction in progress for the periods presented.

(h) Financial instruments:

Financial assets and financial liabilities are initially measured at fair value and are subsequently re-measured based on their classification as described below. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or liability, other than financial assets and liabilities classified as at fair value through earnings, are added or deducted from the fair value of the respective financial asset or financial liability on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as at fair value through earnings are recognized immediately in earnings.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(*i*) Financial assets:

The Business initially recognizes loans and receivables and deposits on the date that they originated and all other financial assets on the trade date at which the entities that comprise the activities of the Business become a party to the contractual provisions of the instrument. The Business derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial assets are classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Business’s financial assets which consist primarily of cash and cash equivalents and trade and other receivables are classified at amortized cost. Investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are carried at cost.

4. Significant accounting policies: (Continued)

(*ii*) Financial liabilities:

Financial liabilities are classified as either financial liabilities at fair value through earnings or as other financial liabilities.

- Financial liabilities at fair value through earnings:

Financial liabilities are classified at fair value through earnings when held for trading or if designated into this category. Financial liabilities classified as financial liabilities at fair value through earnings include derivative financial instruments that are not included in a qualifying hedging relationship and are measured at fair value with any gains or losses arising on re-measurement recognized in earnings.

- Other financial liabilities:

Other financial liabilities include trade and other payables, non-trade payables, provisions, and finance leases and are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

(*iii*) Derivative financial instruments and hedging activities:

The Business uses derivative financial instruments to manage risk associated with foreign currency rates. Derivative financial instruments are measured at fair value. When derivative financial instruments are designated in a qualifying hedging relationship and hedge accounting is applied, the effectiveness of the hedges is measured at the end of each reporting period and the effective portion of changes in fair value is recognized in other comprehensive income and any ineffective portion is recognized immediately in earnings. For foreign exchange forward contracts used to manage risk associated with foreign currency rates, amounts are transferred from net parent equity to revenue or direct costs, selling, general and administration when the underlying transaction affects earnings. For foreign exchange contracts not in a qualifying hedging relationship, changes in fair value are recognized immediately in earnings as a foreign exchange gain or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, if the forecasted transaction within a cash flow hedge remains probable, any cumulative gain or loss on the hedging instrument recognized is retained in equity until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss previously recognized in other comprehensive income is transferred to earnings. Hedge accounting was no longer applied by the Business as of January 1, 2019.

(*iv*) Embedded derivatives:

The Business has embedded foreign currency derivatives in certain customer and supplier contracts. These derivatives are accounted for as separate instruments and are measured at fair value at each reporting date. Changes in fair value are recognized in earnings as foreign exchange gains or losses.

(i) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash on hand, cash balances with banks and similar institutions and term deposits redeemable within three months or less from date of acquisition with banks and similar institutions.

(j) Investments:

(*i*) Short-term investments:

Short-term investments consist of mutual funds and financial instruments purchased with a term to maturity at inception between three months and one year.

(*ii*) Long-term investments:

Long-term investments consist of unquoted equity instruments in which the Business does not have significant influence and the fair value of which cannot be reliably measured.

(Tabular amounts in millions of Canadian dollars,
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4. Significant accounting policies: (Continued)

(k) Property, plant and equipment:

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes amounts related to construction and testing as well as any related borrowing costs. Borrowing costs are capitalized on certain qualifying assets that take a substantial period of time to prepare for their intended use.

Depreciation expense is recognized in earnings on a straight-line basis over the estimated useful life of the related asset to its residual value. Expected useful lives and depreciation methods are reviewed annually.

The estimated useful lives are as follows:

	Estimated useful life
Land improvements	20 years
Buildings	7 to 45 years
Leasehold improvements	lesser of useful life or term of lease
Lease equipment:	
Test and other equipment	2 to 12 years
Vehicles	5 to 6 years
Furniture and fixtures	2 to 10 years
Computer hardware	2 to 13 years

(l) Leased assets:

Leased assets for which the Business assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The asset is depreciated over the shorter of the lease term or its estimated useful life. Upon the adoption of IFRS 16 as at January 1, 2019, all operating leases not qualifying for practical expedient treatment have been recorded as right of use assets and lease liabilities. These leases have been accounted for in a manner similar to financing leases and the assets are depreciated over the shorter of the lease term or its estimated useful life.

(m) Intangible assets and goodwill:

(*i*) Intangible assets:

Intangible assets with finite lives consist of acquired and internally developed technologies and software, licenses customer relationships non-compete agreements, and backlog. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are currently amortized over the following periods:

	Estimated useful life
Technologies	5 to 13 years
Software	3 to 10 years
Licenses	7 years

At April 7, 2020, December 31, 2019 and 2018, the Business did not have any indefinite life intangible assets.

(*ii*) Goodwill:

Goodwill is not amortized but is tested for impairment annually or whenever there is an indication of impairment. Goodwill is measured at cost less accumulated impairment losses. In making its assessment of whether there are indicators of goodwill impairment, management's past experience and future expectations of the business performance are used to make a best estimate of the expected revenue, earnings before interest, taxes, depreciation and amortization, and operating cash flows for a five-year period. The perpetual growth rate is management's current assessment of the long-term growth prospect of

4. Significant accounting policies: (Continued)

the Business in the jurisdictions in which it operates. These future projections are then discounted using a pre-tax rate that reflects the time value of money and risk associated with the business. Management performs sensitivity analysis on the key assumptions. Sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss.

(n) Impairment:

(*i*) Financial assets:

Financial assets not carried at fair value through earnings are assessed for impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event which negatively affected the estimated future cash flows has occurred after the initial recognition of the asset. Management uses judgment when identifying and assessing objective evidence that may indicate a loss event and when estimating the potential impact on the carrying value of accounts receivable, notes receivable, and other financial assets. For financial assets measured at amortized cost, the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. If an impairment has occurred, the carrying amount of the asset is reduced, with the amount of the loss recognized in earnings.

(*ii*) Goodwill and non-financial assets:

Goodwill and non-financial assets are tested for impairment annually, or whenever events or changes in circumstances indicate that an asset's carrying amount may be less than its recoverable amount. Management uses judgment to estimate the inputs to these assessments including cash flow projections, discount rates and tax rates, and any changes to these inputs could have a material impact on the impairment calculation.

For impairment testing, non-financial assets that do not generate independent cash flows are grouped together into a cash-generating unit ("CGU"), which represent the level at which largely independent cash flows are generated. Goodwill is allocated to groups of CGUs based on the level at which it is monitored for internal reporting purposes.

An impairment loss is recognized in earnings to the extent that the carrying value of an asset, CGU or group of CGUs exceeds its estimated recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is the greater of its value in use and its fair value less cost to sell. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates.

An impairment loss relating to a specific asset reduces the carrying value of the asset. An impairment loss relating to a CGU or group of CGUs reduces the carrying value of the goodwill allocated to the CGU or group of CGUs, then reduces the carrying value of the other assets of the CGU or group of CGUs on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. A previously recognized impairment loss related to other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss related to other non-financial assets is reversed if there is a subsequent increase in recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions:

Provisions are recognized if, as a result of a past event, the Business has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Management uses judgment to estimate the amount, timing and probability of the liability based on facts known at the reporting date. The unwinding of the discount is recognized as finance expense.

(*i*) Restructuring costs:

A provision for restructuring costs is recognized when the Parent has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are excluded from the provision.

4. Significant accounting policies: (Continued)

(*ii*) Others:

A provision for onerous contracts, excluding construction contracts (see note 4(c)(*i*)), is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contracts and the expected net cost of continuing with the contract.

A provision for decommissioning liabilities is recognized at the time of asset acquisition. Decommissioning liabilities are added to the carrying value of the related asset and are depreciated over the asset's estimated useful life.

(p) Employee benefits:

(*i*) Defined benefit pension plans and other post-retirement benefit plans:

The Parent maintains defined benefit plans for some of the employees of the Business. The Business's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(*i*) Defined benefit pension plans and other post-retirement benefit plans (continued):

The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method, which takes into account the expected salary increases as the basis for future benefit increases for the pension plans. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Business' obligations and that are denominated in the same currency in which the benefits are expected to be paid. Actuarial assumptions for discount rates, expected salary increases and the projected age of employees upon retirement reflect historical experience and the Business's assessment of future expectations. When the calculation results in a benefit to the Business, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits for a particular plan, consideration is given to any minimum funding requirements that apply to that particular plan. An economic benefit is available to the Business if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expense) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Business determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense is recognized as a component of finance expense. The Business recognizes service cost and administrative expenses relating to defined benefit plans as a component of direct costs, selling, general and administration expense.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the net benefit liability that relates to past service or the gain or loss on curtailment is recognized immediately in earnings. The Business recognizes gains or losses on the settlement of a defined benefit plan when settlement occurs.

(*ii*) Termination benefits:

Termination benefits are expensed when the Business has demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are expensed if the Business has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

(*iii*) Defined contribution pension plans:

The Business also maintains defined contribution plans for some of its employees whereby the Business pays contributions based on a percentage of the employees' annual salary. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of earnings as the services are provided.

(Tabular amounts in millions of Canadian dollars,
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4. Significant accounting policies: (Continued)

(q) Income taxes:

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized into earnings except to the extent that it arises in a business combination, or items recognized directly in net parent equity.

Current tax is the expected tax payable or receivable on the taxable income or loss reflected in the combined statements of earnings for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Business records accruals for uncertain tax positions when management believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Business make adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

5. Revenue information:

On April 7, 2020, the Business had $489,000,000 (December 31, 2019 and 2018 — $402,000,000 and $446,000,000, respectively) of remaining performance obligations, which represents the transaction price of firm orders less inception to date revenue recognized. Remaining performance obligations exclude unexercised contract options and indefinite delivery/indefinite quantity contracts. At April 7, 2020, the Business expects to recognize revenue relating to existing performance obligations from third party contracts of approximately $184.2 million, $291.5 million, and $13.7 million in the balance of the fiscal year 2020 and in the fiscal years 2021 and thereafter, respectfully.

The Business's primary sources of revenue are as follows:

	April 7, 2020	December 31, 2019	December 31, 2018
Construction contracts	$ 63.8	$273.5	$309.9
Service contracts	52.1	214.0	237.4
	$115.9	$487.5	$547.3

Included in revenue is $25.0 million (2019 and 2018 — $105.4 million and $106.0 million, respectively) earned on contracts with entities included within the Parent but excluded from the Business.

The approximate revenue based on geographic location of customers is as follows:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

5. Revenue information: (Continued)

	Period from January 1, 2020 to April 7, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Revenue:			
United States	$ 58.5	$246.6	$273.3
Canada	29.2	112.4	140.1
Asia	4.1	21.7	29.0
Europe	20.1	95.3	82.8
Australia	0.2	0.7	1.0
South America	0.4	1.6	2.1
Other	3.4	9.2	19.0
	$115.9	$487.5	$547.3

The Business's non-current property, plant and equipment, non-financial assets, intangible assets and goodwill are geographically located as follows:

	April 7, 2020	December 31, 2019	December 31, 2018
United States	$ 16.6	$ 15.4	$ 16.2
Canada	182.3	165.2	157.1
Europe	3.6	42.1	42.1
	$202.5	$222.7	$215.4

6. Expenses by nature:

The following table classifies the Business's operating expenses by their nature:

	Period from January 1,2020 to April 7, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Employee salaries and benefits	$ 57.6	$208.4	$218.5
Costs related to defined benefit plans (note 15(b) and (c))	1.6	5.9	6.1
Costs related to defined contribution plans (note 15(f))	2.1	6.0	5.9
Inventories used	0.7	2.4	1.8
Subcontractor costs relating to construction and service contracts	9.7	43.7	93.8
Materials, equipment, professional fees, travel and other	26.5	90.1	53.5
Direct costs, selling, general and administration	98.2	356.5	379.6
Depreciation and amortization	7.0	19.3	13.3
Foreign exchange loss (gain)	3.5	1.5	(0.5)
Other expense (note 7)	1.8	13.6	4.9
Impairment	16.4	16.3	—
	$126.9	$407.2	$397.3

Direct costs, selling, general and administration includes $1,400,000 (2019 and 2018 – $6,900,000 and $5,800,000, respectively) of research and development expenses.

(Tabular amounts in millions of Canadian dollars,
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7. Other expense:

The components of other expense are as follows:

	Period from January 1,2020 to April 7, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Restructuring and enterprise improvement costs	$0.4	$ 7.5	$ 6.8
Acquisition related expense	—	2.5	0.7
Share-based compensation expense (recovery) (note 16(d))	1.0	4.1	(2.8)
Other	0.4	(0.5)	0.2
	$1.8	$13.6	$ 4.9

8. Trade and other receivables:

	April 7, 2020	December 31, 2019	December 31, 2018
Trade accounts receivable, net	$ 58.4	$ 58.9	$ 55.1
Unbilled receivables	98.0	82.5	87.1
Parent related operating receivables	(4.1)	7.0	11.2
Parent related legal receivables	29.5	77.9	—
Other	—	—	14.5
	$181.8	$226.3	$167.9

In 2010, the Business entered into an agreement with a Ukrainian customer to provide a communication satellite system. In 2014, following the annexation of Crimea by the Russian Federation, the Business declared force majeure with respect to the program. The Ukrainian customer accepted that an event of force majeure had occurred. Following various unsuccessful efforts to arrive at a new contractual framework to take account of the changed circumstances (including the force majeure and various financial issues), the contract with the Ukrainian customer was terminated by the Business. The Business completed work on the spacecraft, which is in storage. In July 2018, the Ukrainian customer issued a statement of claim in the arbitration it had commenced against the Business, challenging the Company's right to terminate for force majeure, purporting to terminate the contract for default by the Business (a position since withdrawn), and seeking recovery from the Business in the amount of approximately $227 million. A hearing on the merits was conducted in December 2019 before an arbitral tribunal under the United Nations (UNICTRAL) Arbitration Rules. On March 31, 2020, the arbitral tribunal issued a final decision in favor of the Business, dismissing the customer's claims in their entirety. In addition, the tribunal awarded the Business its costs and attorney's fees. The Business has accrued an amount in "trade and other payables" that it believes is within the range of probable outcomes for resolving this matter. In conjunction with the sale of MDA Canada (note 1), the Parent has indemnified the amounts payable by the Business related to this claim. The Parent's indemnification is included in the accounts receivable as "Parent related legal receivables"' above. The amount payable and the indemnified amount from the Parent has been adjusted by an equal and offsetting amount as a result of the decision by the arbitral tribunal.

(Tabular amounts in millions of Canadian dollars,
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9. Financial assets and liabilities, other:

(a) Financial assets, other:

	April 7, 2020	December 31, 2019	December 31, 2018
Long-term investments	$ —	$16.4	$ 32.7
Short-term investments	—	4.3	4.3
Notes receivable	0.1	0.1	0.1
Derivative financial instruments	5.1	4.0	7.0
	5.2	24.8	44.1
Current portion	(4.7)	(8.1)	(10.2)
	$ 0.5	$16.7	$ 33.9

The Business holds an investment in a privately held company in which it does not have significant influence and the fair value of which cannot be reliably measured through external indicators. On March 27, 2020, the privately held Company declared bankruptcy and as a result the Business wrote off the remaining value of the investment and recorded an impairment loss of $16.4 million. In the year ended December 31, 2019 the impairment charge of $16.3 million related to the investment as a result of an observable price change arising from financings then made by the investee.

(b) Financial liabilities, other:

	April 7, 2020	December 31, 2019	December 31, 2018
Non-trade payables	$ 2.0	$ 5.5	$ 6.7
Derivative financial instruments	5.0	1.0	11.4
	7.0	6.5	18.1
Current portion	(5.0)	(2.8)	(11.7)
	$ 2.0	$ 3.7	$ 6.4

10. Maturities of certain liabilities:

The Business's current liabilities include all assets and liabilities that mature within the Business's operating cycle. The Business has no current liabilities at financial reporting dates where the maturities extend beyond twelve months.

11. Non-financial assets:

	April 7, 2020	December 31, 2019	December 31, 2018
Advances to suppliers	$ 0.1	$ 0.1	$ 0.4
Prepaid expenses	9.2	9.0	8.7
Note receivable	0.1	0.2	0.3
Deferred contract costs	3.2	2.2	—
	12.6	11.5	9.4
Current portion	(9.4)	(9.3)	(9.1)
	$ 3.2	$ 2.2	$ 0.3

(Tabular amounts in millions of Canadian dollars,
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12. Property, plant and equipment:

	Land, buildings and leasehold improvements	Equipment	Furniture and fixtures and computer hardware	Total
Cost				
Balance as at December 31, 2017	$ 39.3	$ 36.5	$ 47.8	$ 123.6
Acquired on business combination	1.6	8.6	—	10.2
Disposals	(0.5)	(2.6)	(4.0)	(7.1)
Additions	0.6	1.8	1.1	3.5
Balance as at December 31, 2018	41.0	44.3	44.9	130.2
Disposals	(0.7)	(0.8)	(0.3)	(1.8)
Additions	20.1	4.4	1.6	26.1
Balance as at December 31, 2019	60.4	47.9	46.2	154.5
Disposals	(0.1)	—	—	(0.1)
Additions	0.3	0.2	2	2.5
Reclassification from intangible assets	0.9	3.4	(1.5)	2.8
Balance as at April 7, 2020	$ 61.5	$ 51.5	$ 46.7	$ 159.7
Accumulated depreciation				
Balance as at December 31, 2017	$(18.7)	$(28.7)	$(40.3)	$ (87.7)
Depreciation expense	(1.6)	(2.8)	(3.7)	(8.1)
Disposals	—	—	6.6	6.6
Acquired on business combination	(0.6)	(1.3)	(0.7)	(2.6)
Balance as at December 31, 2018	(20.9)	(32.8)	(38.1)	(91.8)
Depreciation expense	(6.5)	(3.1)	(3.4)	(13.0)
Disposals	0.7	0.8	0.3	1.8
Acquired on business combination	—	—	—	—
Balance as at December 31, 2019	(26.7)	(35.1)	(41.2)	$(103.0)
Depreciation expense	(3.5)	(0.9)	(0.9)	(5.3)
Disposals	—	—	—	—
Reclassification from intangible assets	—	—	0.5	0.5
Balance as at April 7, 2020	$(30.2)	$(36.0)	$(41.6)	$(107.8)
Net book value				
April 7, 2020	$ 31.3	$ 15.5	$ 5.1	$ 51.9
December 31, 2019	33.7	12.8	5.0	51.5
December 31, 2018	20.1	11.5	6.8	38.4

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

12. Property, plant and equipment: (Continued)

The net book value of assets under finance leases are as follows:

	April 7, 2020	December 31, 2019	December 31, 2018
Computer hardware	$ 2.6	$ 3.1	$4.4
Buildings	13.3	14.6	—
Furniture and fixtures	0.2	0.2	—
	$16.1	$17.9	$4.4

13. Intangible assets and goodwill:

(a) Finite life intangible assets are as follows:

	Software and technologies	Licences	Other[(1)]	Total
Cost				
Balance as at December 31, 2017	$52.5	$5.7	$ 1.5	$59.7
Purchase of intangible assets	5.3	—	3.4	8.7
Disposals	(0.7)	—	(0.6)	(1.3)
Acquired on business combination (note 13(b))	5.7	—	7.9	13.6
Balance as at December 31, 2018	62.8	5.7	12.2	80.7
Purchase of intangible assets	2.6	—	1.0	3.6
Disposals	(3.8)	—	—	(3.8)
Reclass	5.0	—	(5.0)	—
Balance as at December 31, 2019	66.6	5.7	8.2	80.5
Purchase of intangible assets	1.0	—	—	1.0
Disposals	—	—	—	—
Reclass to property, plant & equipment	(0.1)	—	(2.7)	(2.8)
Reclass	0.3	—	(0.3)	—
Balance as at April 7, 2020	$67.8	$5.7	$ 5.2	$78.7

(Tabular amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

13. Intangible assets and goodwill: (Continued)

	Software and technologies	Licences	Other(1)	Total
Accumulated amortization				
Balance as at December 31, 2017	$(28.1)	$(4.6)	$ (1.5)	$(34.2)
Amortization expense	(4.3)	(0.8)	—	(5.1)
Disposals	—	—	1.3	1.3
Acquired on business combination	(0.2)	—	(0.7)	(0.9)
Balance as at December 31, 2018	(32.6)	(5.4)	(0.9)	(38.9)
Amortization expense	(4.5)	(0.3)	(1.9)	(6.7)
Disposals	—	—	—	—
Balance as at December 31, 2019	(37.1)	(5.7)	(2.8)	(45.6)
Amortization expense	(1.0)	—	(0.7)	(1.7)
Disposals	—	—	—	—
Reclass	(2.8)	—	2.8	—
Reclass to property, plant & equipment	—	—	(0.4)	(0.4)
Balance as at April 7, 2020	$(40.9)	$(5.7)	$ (1.1)	$(47.7)
Net book value				
April 7, 2020	$ 27.0	$ —	$ 4.1	$ 31.0
December 31, 2019	29.5	—	5.4	34.9
December 31, 2018	30.2	0.3	11.3	41.8

(b) Business combination:

On July 16, 2018, the Business acquired Neptec Design Group Ltd. ("Neptec"), a leading electro-optical and electro-mechanical systems and high-performance intelligent Light Detection and Ranging company for $39.8 million, with the consideration comprised of approximately $7.8 million in cash and the balance in common shares of Maxar. With Neptec, the Business delivers end-to-end robotic systems and an expanded set of solutions in order to capture growth and accelerate advancement into new and expanding space segments. As a result of the transaction, the Business recognized $28.7 million of goodwill (not deductible for tax purposes), $13.4 million of intangible assets, and $2.3 million of net liabilities. Neptec's operating results are included in the Business's consolidated financial statements beginning from the date of acquisition and had an immaterial effect on the Business's consolidated financial results for the year ended December 31, 2018. Direct transaction costs of the Neptec acquisition were not material and were expensed as incurred.

(c) Goodwill:

Balance as at January 1, 2018	$105.8
Neptec acquisition (b)	28.7
Miscellaneous	0.7
Balance as at December 31, 2018	135.2
Foreign exchange	(1.1)
Balance as at December 31, 2019	134.1
Foreign exchange	1.5
Balance as at April 7, 2020	$135.6

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

14. Provisions:

	Restructuring costs[a]	Others[b]	Total
Balance as at December 31, 2017	$ 2.0	$ 6.9	$ 8.9
Provisions made	5.7	—	5.7
Provisions acquired	—	7.1	7.1
Provisions used	(3.2)	(3.0)	(6.2)
Balance as at December 31, 2018	4.5	11.0	15.5
Provisions made	11.8	3.9	15.7
Provisions acquired	—	—	—
Provisions used	(9.8)	(3.4)	(13.2)
Provisions reversed	(3.9)	(6.5)	(10.4)
Balance as at December 31, 2019	2.6	5.0	7.6
Provisions made	—	0.5	0.5
Provisions acquired	—	—	—
Provisions used	(0.6)	(0.4)	(1.0)
Provisions reversed	—	—	—
Balance as at April 7, 2020	$ 2.0	$ 5.1	$ 7.1
April 7, 2020			
Current	$ 2.0	$ 3.5	$ 5.5
Non-current	—	1.6	1.6
	$ 2.0	$ 5.1	$ 7.1
December 31, 2019			
Current	$ 2.6	$ 3.9	$ 6.5
Non-current	—	1.1	1.1
	$ 2.6	$ 5.0	$ 7.6
December 31, 2018			
Current	$ 4.5	$ 1.2	$ 5.7
Non-current	—	9.8	9.8
	$ 4.5	$11.0	$ 15.5

(a) Restructuring provisions relate to costs associated with enterprise improvement initiatives.

(b) Other provisions relate to obligations under premise leases and restoration costs for premise leases with terms that expire between 2020 and 2023.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

15. Employee benefits:

(a) Employee benefit liabilities:

	April 7, 2020	December 31, 2019	December 31, 2018
Salary and benefits payable	$ 21.8	$ 22.3	$ 25.7
Share-based payment plans	1.3	1.4	0.1
Pension and other post-retirement benefits	33.3	31.1	25.2
Employee benefits	56.4	54.8	51.0
Current portion	(24.7)	(27.8)	(26.7)
	$ 31.7	$ 27.0	$ 24.3

(b) Pension plans:

The Parent maintains various pension plans covering a portion of employees of the Business. The defined benefit plans provide pension benefits based on various factors including earnings and length of service.

The plans are funded and the Business's funding requirements are based on each of the plans' actuarial measurement framework as established by the plan agreements or applicable laws. Employees are required to contribute to some of the funded plans. The total estimated employer contributions expected to be paid to the plans for the remainder of the year ending December 31, 2020 are $0.4 million.

The funded plans' assets are legally separated from MDA and the Business and are held by an independent trustee. The trustee is responsible for ensuring that the funds are protected as per applicable laws.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

15. Employee benefits: (Continued)

Movement in net defined benefit liability:

	Defined benefit obligation			Fair value of plan assets			Net defined benefit liability (asset)		
	April 7,	December 31,		April 7,	December 31,		April 7,	December 31,	
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Defined benefit obligation as at January 1,	$117.1	$105.0	$108.8	$(118.2)	$(105.8)	$(109.2)	$ (1.1)	$(0.8)	$(0.4)
Included in earnings:									
Current service cost	1.1	4.0	5.0	—	0.6	—	1.1	4.6	5.0
Past service costs	—	0.1	0.1	—	—	—	—	0.1	0.1
Interest cost (income)	1.0	4.1	3.6	(1.0)	(4.2)	(3.7)	—	(0.1)	(0.1)
	2.1	8.2	8.7	(1.0)	(3.6)	(3.7)	1.1	4.6	5.0
Included in net parent equity:									
Actuarial loss (gain) arising from:									
Financial assumptions	(6.5)	8.3	(9.2)	—	—	—	(6.5)	8.3	(9.2)
Experience adjustment	—	(0.1)	0.7	—	—	—	—	(0.1)	0.7
Return on plan assets excluding interest income	—	—	—	12.3	(9.8)	6.5	12.3	(9.8)	6.5
	(6.5)	8.2	(8.5)	12.3	(9.8)	6.5	5.8	(1.6)	(2.0)
Other:									
Employer contributions	—	—	—	(0.4)	(3.3)	(3.9)	(0.4)	(3.3)	(3.9)
Plan participant contributions	0.1	1.0	0.9	(0.1)	(1.0)	(0.9)	—	—	—
Benefit payments	(1.2)	(5.3)	(4.9)	1.2	5.3	5.4	—	—	0.5
	(1.1)	(4.3)	(4.0)	0.7	1.0	0.6	(0.4)	(3.3)	(3.4)
Defined benefit obligation as at April 7, and December 31,	$111.6	$117.1	$105.0	$(106.2)	$(118.2)	$(105.8)	$ 5.4	$(1.1)	$(0.8)

Plan assets comprise:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

15. Employee benefits: (Continued)

	April 7, 2020	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 1.5	$ 3.1	$ 6.5
Canadian equity securities	26.5	31.7	23.7
U.S. equity securities	16.6	18.6	14.8
Global equity securities	0.6	0.7	1.6
Government bonds	9.5	10.9	10.0
Corporate bonds	10.2	8.5	8.5
Pooled fund units:			
Equity funds	16.5	19.2	16.6
Fixed income funds	24.7	25.5	24.1
Total pension plan assets	$106.1	$118.2	$105.8

(c) Other post-retirement plans:

The Business also provides for other post-retirement benefits, comprised of extended health benefits, dental care and life insurance covering a portion of its employees in Canada. The cost of these benefits is funded primarily out of general revenues. The total estimated contributions expected to be paid to the plans, including the net benefit payments to be made in respect to unfunded plans, for the year ending December 31, 2020 are nil.

Movement in net defined benefit liability:

	Defined benefit obligation			Fair value of plan assets			Net defined benefit liability (asset)		
	April 7,	December 31,		April 7,	December 31,		April 7,	December 31,	
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Defined benefit obligation as at January 1,	$29.2	$26.0	$28.1	$ —	$ —	$ —	$29.2	$26.0	$28.1
Included in earnings:									
Current service cost	0.1	0.4	0.5	—	—	—	0.1	0.4	0.5
Past service costs	—	—	—	—	—	—	—	—	—
Interest cost (income)	0.2	1.0	1.0	—	—	—	0.2	1.0	1.0
	0.3	1.4	1.5	—	—	—	0.3	1.4	1.5
Included in net parent equity:									
Actuarial loss (gain) arising from:									
Financial assumptions	(1.8)	2.6	(2.7)	—	—	—	(1.8)	2.6	(2.7)
Experience adjustment	—	—	(0.2)	—	—	—	—	—	(0.2)
	(1.8)	2.6	(2.9)	—	—	—	(1.8)	2.6	(2.9)
Other:									
Employer contributions	—	—	—	(0.2)	(0.8)	(0.7)	(0.2)	(0.8)	(0.7)
Benefit payments	(0.2)	(0.8)	(0.7)	0.2	0.8	0.7	—	—	—
	(0.2)	(0.8)	(0.7)	—	—	—	(0.2)	(0.8)	(0.7)
Defined benefit obligation as at April 7, and December 31,	$27.5	$29.2	$26.0	$ —	$ —	$ —	$27.5	$29.2	$26.0

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

15. Employee benefits: (Continued)

(d) Actuarial assumptions:

The following represents the weighted-average of the principle actuarial assumptions used in calculating the defined benefit obligations at the reporting date.

	April 7, 2020	December 31, 2019	December 31, 2018
Discount rate	3.8%	3.4%	4.0%
Future salary increases	3.5%	3.5%	3.5%
Health care trends	6.0%	6.3%	6.5%
Longevity at age 65 for current pensioners:			
Males	21.8	21.8	21.8
Females	24.2	24.2	24.2
Longevity at age 65 for current pensioners aged 45:			
Males	22.9	22.9	22.8
Females	25.2	25.2	25.1

As at April 7, 2020, the weighted-average duration of the defined benefit obligation was 14.4 years (December 31, 2019 and 2018 — 14.4 years and 13.7, respectively).

(e) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

As at April 7, 2020	Increase of 1%	Decrease of 1%
Discount rate	$(17.8)	$22.5
Future salary growth	0.2	(0.3)
Health care trends rate	4.4	(3.4)
Future mortality	(0.3)	0.3

As at December 31, 2019	Increase of 1%	Decrease of 1%
Discount rate	$(19.3)	$24.7
Future salary growth	0.2	(0.3)
Health care trends rate	4.7	(3.7)
Future mortality	(0.4)	0.4

(e) Sensitivity analysis (continued):

As at December 31, 2018	Increase of 1%	Decrease of 1%
Discount rate	$(16.5)	$20.8
Future salary growth	0.1	(0.2)
Health care trends rate	3.9	(3.1)
Future mortality	(0.3)	0.4

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

15. Employee benefits: (Continued)

(f) Defined contribution plans:

The Business maintains defined contribution plans for some of its employees whereby the Business pays contributions based on a percentage of the employees' annual salary. For the period ended April 7, 2020, the Business recorded an expense of $0.6million (year ended December 31, 2019 and 2018 – $6.0 million and $5.6 million, respectively) related to these plans.

16. Share-based payment plans:

The share-based compensation plans for the Business' employees have been granted by the Parent and have been settled with equity instruments by the Parent as historically the Business did not have its own share capital. As of April 7, 2020 and December 31, 2019, the Business has not granted any share-based compensation to employees to be settled with the Business' own equity and has not issued any shares in the Business to employees. A summary of the status of Maxar stock-based compensation plans applicable to employees of the Business for the periods presented is provided below.

(a) Share appreciation rights:

The Parent awards share appreciation rights ("SARs") to certain employees under its share-based compensation plans. Certain awards issued under the 2013 through 2017 and Omnibus Equity Incentive plans remain outstanding as at December 31, 2019. The SARs issued under the 2013 through 2016 plans vest over a period of three years, in the amount of one-third each year, and expire five years from their grant date. The SARs issued under the 2017 and Omnibus Equity Incentive plans vest over a period of four years, in the amount of one-quarter each year, and expire ten years from their grant date. The Parent, at its sole discretion, has the ability to settle the SARs in cash or shares of the Parent.

(*i*) SARs accounted for as cash-settled awards:

A summary of the SARs accounted for as cash-settled awards issued to employees of the Business for the period ended April 7, 2020 and the years ended December 31, 2019 and 2018 are presented below:

	2020		2019		2018	
	Number of SARs	Weighted average exercise price per SAR	Number of SARs	Weighted average exercise price per SAR	Number of SARs	Weighted average exercise price per SAR
SARs outstanding, beginning of period	271,346	$77.94	560,652	$81.73	895,606	$80.22
SARs issued	—	—	—	—	—	—
SARs exercised	—	—	—	—	(20,604)	71.77
SARs cancelled	—	—	(289,306)	85.23	(314,350)	83.01
SARs outstanding, end of period	271,346	$77.94	271,346	$77.94	560,652	$81.73
SARs exercisable, end of period	271,346	$77.94	241,362	$79.33	478,310	$84.02

The following table summarizes information about outstanding SARs accounted for as cash-settled awards:

As at December 31, 2019:

	SARs outstanding			SARs exercisable		
Prices per share	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR
$56.95 to $70.46	114,463	6.9	$66.73	84,479	6.9	$66.73
$71.25 to $82.73	2,083	1.2	79.63	2,083	1.2	79.63
$83.60 to $90.48	149,800	0.9	85.88	149,800	0.9	85.88
$93.30 to $97.93	5,000	0.4	96.18	5,000	0.4	96.18
	271,346	3.4	$77.94	241,362	3.0	$79.33

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

16. Share-based payment plans: (Continued)

As at December 31, 2018:

	SARs outstanding			SARs exercisable		
Prices per share	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR
$56.95 to $70.46	143,507	7.9	$66.73	69,437	7.9	$66.72
$71.25 to $82.73	6,838	1.8	80.26	3,027	1.6	80.08
$83.60 to $90.48	405,307	0.9	86.89	400,846	0.9	86.90
$93.30 to $97.93	5,000	1.3	96.20	5,000	1.3	96.20
	560,652	2.7	$81.73	478,310	1.9	$84.02

(*ii*) SARs accounted for as equity-settled awards:

A summary of the SARs accounted for as equity-settled awards issued to employees of the Business for the period ended April 7, 2020 and the years ended December 31, 2019 and 2018 are presented below:

	2020		2019		2018	
	Number of SARs	Weighted average exercise price per SAR	Number of SARs	Weighted average exercise price per SAR	Number of SARs	Weighted average exercise price per SAR
SARs outstanding, beginning of period	487,090	$77.89	1,420,440	$82.38	2,092,123	$83.73
SARs issued	—	—	—	—	—	—
SARs exercised	—	—	—	—	(18,062)	66.72
SARs cancelled	—	—	(933,350)	82.06	(653,621)	83.72
SARs outstanding, end of period	487,090	$77.89	487,090	$77.89	1,420,440	$82.38
SARs exercisable, end of period	487,090	$77.89	427,381	$79.18	1,229,279	$84.46

The following table summarizes information about outstanding SARs accounted for as equity-settled awards:

As at December 31, 2019:

	SARs outstanding			SARs exercisable		
Prices per share	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR	Number of SARs	Weighted average remaining contractual life (in years)	Weighted average exercise price per SAR
$40.61 to $66.72	193,526	6.9	$66.73	141,349	6.9	$66.73
$71.22 to $85.82	293,564	1.3	85.25	286,032	1.1	85.33
$87.70 to $95.67	—	—	—	—	—	—
	487,090	3.5	$77.89	427,381	3.0	$79.18

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

16. Share-based payment plans: (Continued)

As at December 31, 2018:

	SARs outstanding			SARs exercisable		
Prices per share	**Number of SARs**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price per SAR**	**Number of SARs**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price per SAR**
$40.61 to $66.72	304,876	7.9	$66.73	135,347	7.9	$66.72
$71.22 to $85.82	579,564	2.0	85.47	566,266	1.9	85.54
$87.70 to $95.67	536,000	0.9	87.90	527,666	0.9	87.86
	1,420,440	2.5	$82.38	1,229,279	1.8	$84.46

(b) Restricted share units:

In 2018, the Parent issued restricted share units (“RSUs”) to certain employees of the Business under a new Omnibus Equity Incentive Plan. In 2019, the Parent issued RSUs to certain employees of the Business under a new 2019 Plan. The RSUs vest over a period of three years, in the amount of one-third each year, and are either settled in cash or equity on the vesting date. All RSUs were cancelled on closing of the sale of the Business.

(c) Performance share units (PSUs):

The Parent issues PSUs to certain employees under the Omnibus Plan and 2019 Plan. The PSUs vest over a period of three years from the beginning date of a pre-determined performance period to the extent the Parent has met its adjusted cash leverage (ACL) performance criteria during the performance period. Each unit has the ability to earn up to two common shares of the Parent and the total number of shares earned is based upon both the ACL and total shareholder return (TSR), which compares the Company’s relative TSR performance against the total shareholder return of the Russel 2000 index over the term of the award. Performance related to both the ACL and TSR can be 0-200%. The total payout is the average of the ACL and TSR and the maximum payout percentage for all PSUs granted by the Company is 200%. The payout for performance up to 100% will be in equity and any performance greater than 100% will be paid out in cash. 69,519 share units were outstanding as at December 31, 2019 and of those 17,380 vested during the April 7, 2020 period. All PSUs were cancelled on closing of the sale of the Business.

(d) Total share-based compensation expense:

Total share-based compensation expense from all forms of share-based payment plans for the period ended April 7, 2020 was an expense of $1.0 million (years ended December 31, 2019 and 2018 — recovery of $4.1 million and $2.8 million, respectively). The details are as follows:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

16. Share-based payment plans: (Continued)

	April 7, 2020	December 31, 2019	December 31, 2018
Share appreciation rights:			
Cash-settled	$ —	$ 0.3	$(5.4)
Equity-settled	—	(0.9)	(1.6)
Restricted stock units:			
Cash-settled	0.4	2.1	—
Equity-settled	0.3	1.8	3.5
Deferred share units:			
Equity-settled	—	—	0.2
Performance share units:			
Cash	0.1	0.4	—
Equity	0.1	0.2	—
Share matching program	0.1	—	—
Employee share purchase plan	—	0.2	0.5
	$1.0	$ 4.1	$(2.8)

(e) Intrinsic value:

The intrinsic value of a share-based payment award is the positive difference between the market price of the Parent's share and the exercise price of the award. As at April 7, 2020, the intrinsic value of vested cash-settled share-based payment awards was nil (December 31, 2019 and 2018 — nil and nil, respectively).

(f) Valuation of cash-settled SARs:

The fair value of the SARs was estimated at December 31, 2019 and 2018 using the Black-Scholes option pricing model with the following assumptions:

	Year ended December 31, 2019	Year ended December 31, 2018
Risk-free interest rate	1.7% – 1.9%	1.7% – 1.9%
Dividend yield	0.50%	1.80%
Expected award lives	2 – 53 months	1 – 65 months
Volatility	57% – 130%	14% – 23%

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures:

Refer to significant accounting policy note 4(h).

(a) Financial instruments by category:

The classification of financial instruments and their carrying amounts are as follows:

As at April 7, 2020:

	Financial assets at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Amortized cost	Other financial assets	Total carrying amount
Financial assets:					
Current:					
Cash and cash equivalents	$ —	$—	$ —	$ —	$ —
Trade and other receivables:					
Trade accounts receivable, net	—	—	58.4	—	58.4
Parent related operating receivable	—	—	—	—	—
Parent related legal receivable	—	—	—	29.9	29.9
Other receivables	—	—	—	—	—
	—	—	58.4	29.9	88.3
Financial assets, other:					
Short-term investments	—	—	—	—	—
Notes receivable	—	—	—	—	—
Derivative financial instruments	4.6	—	—	—	4.6
	4.6	—	—	—	4.6
Non-current:					
Financial assets, other:					
Derivative financial instruments	0.5	—	—	—	0.5
Long-term notes receivable	—	—	0.1	—	0.1
Long-term investments	—	—	—	—	—
	$0.5	$—	$ 0.1	$ —	$ 0.6

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

As at April 7, 2020, included in long-term investments is an investment of nil (December 31, 2019 and 2018 — $16.4 million and $32.7 million, respectively) in unquoted equity securities in an entity over which the Business does not have significant influence. The fair value of these unquoted equity securities cannot be reliably determined due to the lack of an active market and are carried at cost. See also note 9(a).

	Financial liabilities at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Amortized cost	Total carrying amount
Financial liabilities:				
Current:				
Trade and other payables	$ —	$—	$86.8	$86.8
Financial liabilities, other:				
Non-trade payables	—	—	0.6	0.6
Derivative financial instruments	4.3	—	—	4.3
	4.3	—	87.4	91.7
Obligations under finance leases	—	—	8.0	8.0
	—	—	8.0	8.0
Non-current:				
Financial liabilities, other:				
Non-trade payables	—	—	1.4	1.4
Derivative financial instruments	0.6	—	—	0.6
	0.6	—	1.4	2.0
Obligations under finance leases	—	—	11.8	11.8
	$ —	$—	$11.8	$11.8

Refer to significant accounting policy note 3(i).

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

As at December 31, 2019:

	Financial assets at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Amortized cost	Other financial assets	Total carrying amount
Financial assets:					
Current:					
Cash and cash equivalents	$ —	$—	$ 62.0	$ —	$ 62.0
Trade and other receivables:					
Trade accounts receivable, net	—	—	58.9	—	58.9
Parent related operating receivable	—	—	7.0	—	7.0
Parent related legal receivable	—	—	—	77.9	77.9
Other receivables	—	—	—	—	—
	—	—	127.9	77.9	205.8
Financial assets, other:					
Short-term investments	—	—	—	4.3	4.3
Notes receivable	—	—	—	—	0.0
Derivative financial instruments	3.8	—	—	—	3.8
	3.8	—	0.0	4.3	8.1
Non-current:					
Financial assets, other:					
Derivative financial instruments	0.2	—	—	—	0.2
Long-term notes receivable	—	—	0.1	—	0.1
Long-term investments	—	—	—	16.4	16.4
	$0.2	$—	$ 0.1	$16.4	$ 16.7

As at December 31, 2019, included in long-term investments is an investment of $16.4 million (December 31, 2018 – $32.7 million) in unquoted equity securities in an entity over which the Business does not have significant influence. The fair value of these unquoted equity securities cannot be reliably determined due to the lack of an active market and are carried at cost. The Business noted an observable price change related to its investment and, as a result, recorded an impairment loss of $16.3 million (December 31, 2018 – nil).

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

	Financial liabilities at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Amortized cost	Total carrying amount
Financial liabilities:				
Current:				
Trade and other payables	$ —	$—	$135.6	$135.6
Financial liabilities, other:				
Non-trade payables	—	—	1.9	1.9
Derivative financial instruments	0.9	—	—	0.9
	0.9	—	1.9	2.8
Obligations under finance leases	—	—	8.4	8.4
	—	—	8.4	8.4
Non-current:				
Financial liabilities, other:				
Non-trade payables	—	—	3.6	3.6
Derivative financial instruments	0.1	—	—	0.1
	0.1	—	3.6	3.7
Obligations under finance leases	—	—	13.4	13.4
	$ —	$—	$ 13.4	$ 13.4

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

As at December 31, 2018:

	Financial assets at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Other Amortized cost	financial assets	Total carrying amount
Financial assets:					
Current:					
Cash and cash equivalents	$ —	$ —	$22.3	$ —	$ 22.3
Trade and other receivables:					
Trade accounts receivable, net	—	—	55.1	—	55.1
Parent related operating receivable	—	—	11.2	—	11.2
Other receivables	—	—	—	14.5	14.5
	—	—	88.6	14.5	103.1
Financial assets, other:					
Short-term investments	—	—	—	4.3	4.3
Notes receivable	—	—	0.1	—	0.1
Derivative financial instruments	4.3	1.4	—	—	5.7
	4.3	1.4	0.1	4.3	10.1
Non-current:					
Financial assets, other:					
Derivative financial instruments	1.0	0.2	—	—	1.2
Long-term investments	—	—	—	32.7	32.7
	$1.0	$0.2	$ —	$32.7	$ 33.9

As at December 31, 2018, included in long-term investments is an investment of $32.7 million (December 31, 2017 — $32.7 million) in unquoted equity securities in an entity over which the Business does not have significant influence. The fair value of these unquoted equity securities cannot be reliably determined due to the lack of an active market and are carried at cost.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

	Financial liabilities at fair value through earnings	Derivative instruments in a qualifying hedging relationship	Amortized cost	Total carrying amount
Financial liabilities:				
Current:				
Trade and other payables	$ —	$ —	$116.8	$116.8
Financial liabilities, other:				
Non-trade payables	—	—	2.1	2.1
Derivative financial instruments	3.8	5.8	—	9.6
	3.8	5.8	2.1	11.7
Obligations under finance leases	—	—	2.0	2.0
	—	—	2.0	2.0
Non-current:				
Financial liabilities, other:				
Non-trade payables	—	—	4.7	4.7
Derivative financial instruments	0.3	1.4	—	1.7
	0.3	1.4	4.7	6.4
Obligations under finance leases	—	—	3.4	3.4
	$ —	$ —	$ 3.4	$ 3.4

(b) Fair value of financial instruments:

Financial instruments carried at amortized cost:

As at April 7, 2020, December 31, 2019 and 2018 the fair values of all financial instruments carried at amortized cost, approximated their carrying value.

The fair value of obligations under finance leases approximates their carrying value.

Financial instruments carried at fair value:

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

April 7, 2020	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	$ —	$ —	$ —	$ —
Derivative financial instruments	—	5.1	—	5.1
Total assets	$ —	$5.1	$ —	$5.1
Liabilities				
Derivative financial instruments	$ —	$5.0	$ —	$5.0

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	$4.3	$ —	$ —	$4.3
Derivative financial instruments	—	4.0	—	4.0
Total assets	$4.3	$4.0	$ —	$8.3
Liabilities				
Derivative financial instruments	$ —	$1.0	$ —	$1.0

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	$4.3	$ —	$ —	$ 4.3
Derivative financial instruments	—	7.0	—	7.0
Total assets	$4.3	$ 7.0	$ —	$11.3
Liabilities				
Derivative financial instruments	$ —	$11.4	$ —	$11.4

During the period, no transfers occurred between Level 1 and Level 2 financial instruments.

The fair values of the short-term investments are based on their quoted prices. The Business determines fair value of its derivative financial instruments based on internal valuation models, such as discounted cash flow analysis, using management estimates and observable market-based inputs, as applicable. Management estimates include assumptions concerning the amount and timing of estimated future cash flows and application of appropriate discount rates. Observable market-based inputs are sourced from third parties and include interest rates and yield curves, currency spot and forward rates, and credit spreads, as applicable. As disclosed in note 9(a), the Business carries its long term investment at cost, against which an impairment loss of $16.4 million (2019 and 2018 – $16.3 million and nil, respectively) was recorded.

(c) Credit risk:

The Business is exposed to credit risk through its cash and cash equivalents, restricted cash, short-term investments, trade and other receivables, notes receivable and derivative financial instruments.

The Business'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 Business, and is therefore mitigated by a reduced concentration of risk.

Customers are assessed for credit risk based on the nature of the customer organization, financial health, and credit history with the Business and others. Credit limits or maximum exposures under revenue contracts are identified, approved and monitored. In some cases, the Business will procure credit insurance to mitigate its exposure.

Trade and other receivables, and notes receivable are considered for impairment on a case by case basis and provided for when objective evidence is received that a customer may default.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

The amount of financial assets recognized on the balance sheet as at December 31, 2019 and 2018 are summarized in the carrying values tables in note 17(a). The carrying amount of these assets represent their maximum credit exposure, with the exception of derivative financial instruments subject to master netting arrangements as described in note 17(f).

The Business's trade receivables and allowance for doubtful accounts are shown in the following table:

	April 7, 2020	December 31, 2019	December 31, 2018
Trade receivables	$59.1	$60.0	$55.2
Allowance for doubtful accounts	(0.7)	(1.1)	(0.1)
Trade receivables, net of allowance for doubtful accounts	$58.4	$58.9	$55.1

The aging of trade receivables, net at the reporting date was:

	April 7, 2020	December 31, 2019	December 31, 2018
Not past due	$49.2	$49.9	$33.3
Past due 1 – 30 days	4.6	4.0	7.2
Past due 31 – 90 days	2.8	2.9	1.1
Past due 90+ days	1.8	2.1	13.5
	$58.4	$58.9	$55.1

Allowance for doubtful accounts:

Balance as at December 31, 2018	$ 0.1
Bad debt expense	1.0
Balance as at December 31, 2019	1.1
Bad debt expense (recovery)	(0.4)
Balance as at April 7, 2020	$ 0.7

In implementing all its derivative financial instruments, the Business deals with counterparties and is therefore exposed to credit related losses in the event of non-performance by these counterparties. However, the Business deals with counterparties that are major financial institutions and does not expect any of the counterparties to fail to meet their obligations.

The Business provided an indemnity to Export Development Canada ("EDC") in partial support of selected satellite financings provided by EDC. The indemnity is not recognized on the balance sheet and if it was called upon, the maximum value of the indemnity as at December 31, 2019 and 2018 — was $52.9 million and $65.9 million, respectively. There was no indemnity requirement as at April 7, 2020.

(d) Liquidity risk:

The Business'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 Business's principal sources of liquidity are cash provided by operations, including collection of orbital receivables and advance payments from customers related to long-term construction contracts and service contracts, and access to credit facilities and equity capital resources, including public common share offerings. The Business's short-term cash requirements are primarily to fund working capital, with medium term requirements to service and repay debt, and invest in capital and intangible assets, and research and development for growth initiatives. Cash is also used to pay dividends and finance other long-term strategic initiatives. For the foreseeable future, the Business believes that these principal sources of liquidity are sufficient to maintain the Business's capacity and to meet planned growth and development activities.

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

The maturities of the contractual cash flows of the Business's financial liabilities are shown in the following table:

April 7, 2020	Carrying amount	Contractual cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Non-derivative financial liabilities:						
Trade and other payables	$ 86.8	$ 86.8	$ 86.8	$ —	$ —	$ —
Financial liabilities, other:						
Non-trade payables	2.0	2.0	0.6	—	1.2	0.3
Obligations under finance leases and lease liabilities	19.7	21.1	8.5	6.5	6.1	—
	108.5	109.9	95.9	6.5	7.3	0.3
Derivative financial liabilities:						
Foreign exchange forward contracts	4.7	4.3	4.1	—	0.2	—
Other derivative instruments	0.2	0.2	0.2	0.1	—	—
	4.9	4.5	4.3	0.1	0.2	—
	$113.5	$114.4	$100.1	$6.6	$7.5	$0.3

December 31, 2019	Carrying amount	Contractual cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Non-derivative financial liabilities:						
Trade and other payables	$135.6	$135.6	$135.6	$ —	$ —	$ —
Financial liabilities, other:						
Non-trade payables	5.5	5.1	1.5	1.5	1.5	0.6
Obligations under finance leases and lease liabilities	21.8	23.4	8.7	7.6	7.1	—
	162.9	164.1	145.8	9.1	8.6	0.6
Derivative financial liabilities:						
Foreign exchange forward contracts	0.9	0.9	0.8	0.1	0.0	—
Other derivative instruments	0.1	0.1	0.1	0.0	—	—
	1.0	1.0	0.9	0.1	0.0	—
	$163.9	$165.1	$146.7	$9.2	$8.6	$0.6

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

Contractual cash flows for obligations under finance leases and lease liabilities include both principal and interest amounts.

December 31, 2018	Carrying amount	Contractual cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Non-derivative financial liabilities:						
Trade and other payables	$116.8	$116.8	$116.8	$ —	$ —	$—
Financial liabilities, other:						
Non-trade payables	6.7	7.2	2.1	2.6	2.5	—
Obligations under finance leases	5.4	5.6	2.6	1.7	1.3	—
	128.9	129.6	121.5	4.3	3.8	—
Derivative financial liabilities:						
Foreign exchange forward contracts	11.0	11.2	9.5	1.4	0.3	—
Other derivative instruments	0.4	0.4	0.3	0.1	—	—
	11.4	11.6	9.8	1.5	0.3	—
	$140.3	$141.2	$131.3	$5.8	$4.1	$—

Contractual cash flows for obligations under finance leases include both principal and interest amounts.

(e) Foreign exchange risk:

The Business is exposed to foreign exchange risk on sales contracts, purchase contracts and debt denominated in currencies other than the functional currency of the Business's contracting entity. For Canadian operations, this is typically the United States dollar or Euro. The Business is also exposed to foreign currency risk on the net assets of its foreign operations.

The Business maintains a hedging program and enters into foreign exchange forward contracts to hedge the significant majority 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 Business also enters into foreign exchange forward contracts to manage exposures from certain intercompany loans and miscellaneous foreign currency payables and receivables. The Business does not enter into foreign exchange forward contracts for trading or speculative purposes.

As at April 7, 2020, the Business had Canadian dollar foreign exchange forward purchase contracts for $18.8 million (December 31, 2019 and 2018 — $28.8 million and $113.1 million, respectively); The Business also had Canadian dollar foreign exchange forward sales contracts for $94.6 million (December 31, 2019 and 2018 — $130.3 million and $297.5 million, respectively).

The following table summarizes the Business's foreign exchange forward contracts outstanding, which have been recorded on the balance sheet at fair value as assets and liabilities as appropriate:

April 7, 2020	Notional amount (local currency)	Average exchange rate	Maturity dates	Carrying value asset (liability)
Purchase contracts settled in Canadian dollars:				
U.S. dollar	9.7	1.3212	April 2020 – August 2020	0.8
Euro	3.5	1.5537	April 2020 – April 2021	(0.1)
Sales contracts settled in Canadian dollars:				
U.S. dollar	60.1	1.3014	April 2020 – November 2022	(4.1)
Euro	6.1	1.5427	April 2020 – April 2021	0.1
British pound	0.8	1.7290	December 2020 – December 2020	(0.0)

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

December 31, 2019	Notional amount (local currency)	Average exchange rate	Maturity dates	Carrying value asset (liability)
Purchase contracts settled in Canadian dollars:				
U.S. dollar	17.0	1.2760	January 2020 – December 2020	$(0.2)
Euro	4.3	1.5347	January 2020 – April 2021	(0.2)
Sales contracts settled in Canadian dollars:				
U.S. dollar	87.5	1.2939	January 2020 – November 2022	1.2
Euro	9.3	1.5482	January 2020 – August 2021	0.5
British pound	0.8	1.6129	January 2020 – January 2020	(0.1)

December 31, 2018	Notional amount (local currency)	Average exchange rate	Maturity dates	Carrying value asset (liability)
Purchase contracts settled in Canadian dollars:				
U.S. dollar	70.0	1.3156	January 2019 – October 2020	$3.1
Euro	10.4	1.5542	January 2019 – April 2021	0.2
British pound	2.8	1.7152	January 2019 – July 2019	0.1
Sales contracts settled in Canadian dollars:				
U.S. dollar	184.2	1.3116	January 2019 – October 2022	(9.2)
Euro	34.6	1.5367	January 2019 – August 2021	(1.5)
British pound	1.4	1.7045	January 2019 – August 2019	(0.1)

Cash flow hedges:

The Business applies cash flow hedge accounting when a foreign exchange contract is included in a qualifying hedging relationship.

The following table indicates the periods in which the cash flows associated with designated cash flow hedges are expected to occur and to impact earnings and the carrying amounts of the related hedging instruments:

April 7, 2020	Carrying amount	Expected cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Foreign exchange forward contracts:						
Assets	$1.1	$1.1	$1.0	$0.1	$—	$—
Liabilities	4.4	4.4	4.1	0.3	—	—

December 31, 2019	Carrying amount	Expected cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Foreign exchange forward contracts:						
Assets	$2.1	$2.2	$2.1	$0.1	$0.0	$—
Liabilities	0.9	0.9	0.8	0.1	0.0	—

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

December 31, 2018	Carrying amount	Expected cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Foreign exchange forward contracts:						
Assets	$1.5	$1.6	$1.4	$0.2	$ —	$—
Liabilities	7.1	7.3	5.9	1.2	0.2	—

The following table presents the effect of the strengthening and weakening of various currencies (all other variables remaining constant) on the fair valuation of financial instruments as at December 31 and the corresponding effect on net earnings and other comprehensive income:

		Currency 1 strengthens 10% against currency 2		Currency 1 weakens 10% against currency 2	
Currency 1	Currency 2	Effect on net earnings	Effect on other comprehensive income	Effect on net earnings	Effect on other comprehensive income
April 7, 2020:					
U.S. dollar	Canadiandollar	$ (7.1)	$—	$ 7.1	$—
British pound	Canadiandollar	(0.1)	—	0.1	—
Euro	Canadiandollar	(0.4)	—	0.4	—
December 31, 2019:					
U.S. dollar	Canadiandollar	$ (9.2)	$—	$ 9.2	$—
British pound	Canadiandollar	(0.1)	—	0.1	—
Euro	Canadiandollar	(0.7)	—	0.7	—
December 31, 2018:					
U.S. dollar	Canadiandollar	$$(8.0)	$—	$ 8.0	$—
British pound	Canadiandollar	0.3	—	(0.3)	—
Euro	Canadiandollar	(2.2)	—	2.2	—
New Zealand	Canadiandollar	—	—	—	—

(f) Master netting agreements:

Certain of the Business's derivative financial assets and liabilities are subject to master netting arrangements that do not meet the offsetting criteria under IAS 32 — *Financial Instruments: Presentation* as the Business does not have a current legally enforceable right to set off recognized amounts and the intention to settle on a net basis, the assets and liabilities, simultaneously. The right of offset is enforceable only on the occurrence of a future trigger such as a credit event.

The following table sets out the carrying amounts of foreign exchange forward contracts that are subject to the master netting agreements described above:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

17. Financial instruments and fair value disclosures: (Continued)

April 7, 2020	Gross and net amounts in the Combined balance sheet	Financial instruments that are not offset	Amount if presented net
Derivative financial assets:			
Foreign exchange forward contracts	$1.1	$ —	$ —
Derivative financial liabilities:			
Foreign exchange forward contracts	4.3	3.2	3.2

December 31, 2019	Gross and net amounts in the Combined balance sheet	Financial instruments that are not offset	Amount if presented net
Derivative financial assets:			
Foreign exchange forward contracts	$2.1	$0.8	$1.3
Derivative financial liabilities:			
Foreign exchange forward contracts	0.9	0.8	0.1

December 31, 2018	Gross and net amounts in the Combined balance sheet	Financial instruments that are not offset	Amount if presented net
Derivative financial assets:			
Foreign exchange forward contracts	$ 3.6	$3.6	$ —
Derivative financial liabilities:			
Foreign exchange forward contracts	11.0	3.6	7.4

18. Capital management:

The Parent's primary capital management objectives are to provide an adequate return to shareholders, provide adequate and efficient funding of operations, finance growth, preserve financial flexibility to benefit from potential opportunities as they arise and comply with borrowing covenants. The Business has operated as an extension of the Parent and has been used as an operating entity in alignment with the Parent's primary capital management objectives.

The Business defines capital as its net parent equity.

19. Government assistance:

(a) Investment tax credits:

During the period ended April 7, 2020, the Business recognized investment tax credits of $3.8 million (years ended December 31, 2019 and 2018 — $14.3 million and $33.8 million, respectively) as a reduction of current expenses in direct costs, selling, general and administration of which $1.2 million (years ended December 31, 2019 and 2018 — $1.6 million and $24.8 million, respectively) related to expenses incurred in prior years. The Business has investment tax credits of approximately $73.3 million (years ended December 31, 2019 and 2018 $72.4 million and $72.7 million, respectively) available to offset future Canadian

19. Government assistance: (Continued)

Federal and Provincial income taxes payable which expire between 2025 and 2040. Investment tax credits are only recognized in the financial statements when the recognition criteria have been met as described in note 4(q).

(b) Government grants:

(*i*) Investissement Québec:

On November 15, 2010, the Business signed a non-refundable contribution agreement ("Grant") and an interest free refundable contribution agreement ("Interest Free Loan") with Investissement Québec ("IQ") relating to the expansion of the plant ("Project") at its Sainte-Anne-de-Bellevue subsidiary.

Under the Grant, the Business was eligible to receive funding for certain Project expenditures incurred from January 1, 2010 to December 31, 2014 to a maximum of $9.0 million. As at April 7, 2020, the Business has received the maximum eligible funding under the Grant. Payments made from the Grant can become conditionally repayable if certain average employment targets were not met from January 1, 2012 to December 31, 2018, of which the requirements were met during the period.

Under the Interest Free Loan, the Business was eligible to receive interest free repayable funding for certain eligible Project expenditures incurred from January 1, 2010 to December 31, 2014 to a maximum of $9.0 million. As at April 7, 2020, the Business has received the maximum of $9.0 million under the Interest Free Loan. The loan is repayable in 84 equal and consecutive monthly installments beginning three years subsequent to the receipt of the first disbursement on February 1, 2013. The Business began repaying the loan in the first quarter of 2016. For the period ended April 7, 2020, the Business repaid $1.9 million (years ended December 31, 2019 and 2018 — $1.3 million and $1.3 million, respectively) for the Interest Free Loan. As at April 7, 2020, the discounted Interest Free Loan payable balance of $1.8 million is recorded in financial liabilities (December 31, 2019 and 2018 — $3.7 million and $4.8 million, respectively).

(*ii*) Technology Demonstration Program:

On May 5, 2016, the Business was awarded a contribution agreement valued at $54.0 million by Innovation, Science and Economic Development under the Technology Demonstration Program ("TDP"). The TDP program contributes funding towards large-scale research and development projects that typically require the integration of several different technologies and the coordination of activities of many partners. The Business will coordinate with a team of Canadian partners, both in industry and academia, to develop innovative technology for space communications and space surveillance. Under the agreement, the Business and its partners can claim 50% of eligible costs up to $108.0 million for the period August 12, 2014 through to March 31, 2021. Of this total, the Business is eligible to receive a maximum contribution of $31.5 million based on 50% of eligible costs up to $63.0 million. During the period ended April 7, 2020, the Business recorded a recovery against direct costs, selling, general and administration of $3.8 million (years ended December 31, 2019 and 2018 — $3.7 million and $2.9 million, respectively) for its portion of 50% of eligible costs incurred.

(*iii*) Government of Canada:

The Business's Canadian operations have traditionally received funding under contract from the Government of Canada under several programs that support the development of new commercial technologies and products for delivery to customers of the Government of Canada. This funding is subject to possible repayment in the form of royalties, generally not exceeding 5% of future revenues, on commercialization of that intellectual property by the Business. For the period ended April 7, 2020 and the years ended December 31, 2019 and 2018, no funding was received under these programs.

20. Income taxes:

(a) Income tax expense is comprised of the following:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

20. Income taxes: (Continued)

	Period from January 1, 2020 to April 7, 2020	For the year ended December 31,	
		2019	2018
Current tax expense:			
Current period	$ 3.5	$4.4	$ 9.3
Adjustment for prior periods	0.2	—	1.2
	3.7	4.4	10.5
Deferred tax expense:			
Origination and reversal of temporary differences	(2.4)	0.7	23.6
Change in unrecognized deductible temporary differences	4.4	—	(0.3)
	2.0	0.7	23.3
Income tax expense	$ 5.7	$5.1	$33.8

(b) A reconciliation of income taxes at statutory rates to actual income tax expense is as follows:

	Period ended January 1, 2020 to April 7, 2020	For the year ended December 31,	
		2019	2018
Statutory Federal and Provincial tax rate in Canada	27.00%	27.00%	27.00%
Income tax expense (recovery) at the statutory tax rate	$ (3.6)	$ 21.4	$ 41.7
Earnings subject to different rates	—	—	(0.4)
Change in statutory rates	—	—	(0.3)
Change in unrecognized deferred tax assets	4.4	2.2	—
Change in uncertain tax positions	(2.5)	(3.3)	(7.5)
Share-based compensation	0.3	1.0	0.1
Changes related to re-domiciliation	—	(17.9)	—
Non-deductible impairment	2.7	2.2	—
Other permanent differences	4.4	(0.5)	0.2
	$ 5.7	$ 5.1	$ 33.8

(c) Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2020	2019	2018
Tax losses	$529	$1,524.2	$147.1

Tax losses include net capital losses disclosed in note 20(f).

(d) Recognized deferred tax assets and liabilities:

Deferred tax assets and liabilities are attributable to the following:

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

20. Income taxes: (Continued)

April 7, 2020	Assets	Liabilities	Net
Construction contract assets and liabilities	$ —	$ 4.3	$ (4.3)
Property, plant and equipment	0.2	8.2	(8.0)
Intangible assets and goodwill	0.6	6.4	(5.8)
Investment tax credits	5.4	21.6	(16.2)
Derivative financial instruments	1.3	—	1.3
Trade and other payables	2.9	—	2.9
Employee benefits	8.7	—	8.7
Tax loss carry forwards	78.7	—	78.7
Other items	9.9	0.3	9.6
Tax assets (liabilities)	107.7	40.8	66.9
Set off of tax	(23.0)	(23.0)	—
Net tax assets (liabilities)	$ 84.7	$ 17.8	$ 66.9

December 31, 2019	Assets	Liabilities	Net
Construction contract assets and liabilities	$ —	$ 4.7	$ (4.7)
Property, plant and equipment	1.9	7.2	(5.3)
Intangible assets and goodwill	0.7	5.2	(4.5)
Investment tax credits	7.1	24.7	(17.6)
Derivative financial instruments	2.8	—	2.8
Trade and other payables	1.5	—	1.5
Employee benefits	7.8	—	7.8
Tax loss carry forwards	74.2	—	74.2
Other items	13.8	0.3	13.5
Tax assets (liabilities)	109.8	42.1	67.7
Set off of tax	(25.7)	(25.7)	—
Net tax assets (liabilities)	$ 84.1	$ 16.4	$ 67.7

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

20. Income taxes: (Continued)

December 31, 2018	Assets	Liabilities	Net
Construction contract assets and liabilities	$ —	$ 7.9	$ (7.9)
Property, plant and equipment	1.0	4.1	(3.1)
Intangible assets and goodwill	1.2	8.2	(7.0)
Investment tax credits	9.0	21.0	(12.0)
Derivative financial instruments	1.5	0.6	0.9
Trade and other payables	4.1	—	4.1
Employee benefits	9.1	2.5	6.6
Tax loss carry forwards	70.0	—	70.0
Other items	16.3	—	16.3
Tax assets (liabilities)	112.2	44.3	67.9
Set off of tax	(21.7)	(21.7)	—
Net tax assets (liabilities)	$ 90.5	$ 22.6	$ 67.9

(e) Movement in temporary differences during the periods:

	Balance, December 31, 2019	Recognized in statement of earnings	Recognized in equity	Balance, April 7, 2020
Construction contract assets and liabilities	$ (4.7)	$ 0.4	$ —	$ (4.3)
Property, plant and equipment	(5.3)	(2.7)	—	(8.0)
Intangible assets and goodwill	(4.5)	(1.3)	—	(5.8)
Investment tax credits	(17.6)	1.4	—	(16.2)
Derivative financial instruments	2.8	(1.5)	—	1.3
Trade and other payables	1.5	1.4	—	2.9
Employee benefits	7.8	(0.3)	1.2	8.7
Tax loss carry forwards	74.2	4.5	—	78.7
Other items	13.5	(3.9)	—	9.6
	$ 67.7	$(2.0)	$1.2	$ 66.9

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

20. Income taxes: (Continued)

	Balance, December 31, 2018	Recognized in statement of earnings	Recognized in equity	Balance, December 31, 2019
Construction contract assets and liabilities	$ (7.9)	$ 3.2	$ —	$ (4.7)
Property, plant and equipment	(3.1)	(2.2)	—	(5.3)
Intangible assets and goodwill	(7.0)	2.5	—	(4.5)
Investment tax credits	(12.0)	(5.6)	—	(17.6)
Derivative financial instruments	0.9	1.9	—	2.8
Trade and other payables	4.1	(2.6)	—	1.5
Employee benefits	6.6	0.7	0.5	7.8
Tax loss carry forwards	70.0	4.2	—	74.2
Other items	16.3	(2.8)	—	13.5
	$ 67.9	$(0.7)	$0.5	$ 67.7

	Balance, December 31, 2017	Recognized in statement of earnings	Recognized in equity	Balance, December 31, 2018
Construction contract assets and liabilities	$ (5.2)	$ (2.7)	$ —	$ (7.9)
Property, plant and equipment	(1.1)	(2.0)	—	(3.1)
Intangible assets and goodwill	(3.3)	(3.7)	—	(7.0)
Investment tax credits	(5.2)	(6.8)	—	(12.0)
Derivative financial instruments	(1.7)	0.2	2.4	0.9
Trade and other payables	1.9	2.2	—	4.1
Employee benefits	7.3	0.6	(1.3)	6.6
Tax loss carry forwards	19.6	(10.3)	60.7	70.0
Other items	17.1	(0.8)	—	16.3
	$29.4	$(23.3)	$61.8	$ 67.9

(Tabular amounts in millions of Canadian dollars,
except share-based compensation awards and per share amounts)

20. Income taxes: (Continued)

(f) As at April 7, 2020 the Business has non-capital losses carried forward for tax purposes totaling approximately $298.4 million that are available to reduce taxable income of future years. These non-capital losses carried forward expire as follows:

2026	$ 1.4
2027	0.9
2028	5.8
2029	1.3
2030	1.1
2031	0.2
2032	—
2033	0.4
2034	0.4
2035	0.3
2036	0.3
2037	49.5
2038	170.8
2039	61.3
2040	—
No expiry	4.9
	$298.6

The Business also has net capital losses carried forward of approximately $207 million that are available to offset capital gains of future years.

21. Contingencies and commitments:

(a) As at April 7, 2020 the Business is committed under legally enforceable agreements for rental payments for amounts as follows:

	Operating leases	Total
2020	$ 5.0	$ 5.0
2021	7.0	7.0
2022	3.0	3.0
2023	3.0	3.0
2024	—	—
Thereafter	—	—
	$18.0	$18.0

b) The Business enters into agreements in the ordinary course of business with resellers and others. Most of these agreements require the Business to indemnify the other party against third-party claims alleging that one of its products infringes or misappropriates a patent, copyright, trademark, trade secret or other intellectual property right. Certain of these agreements require the Business to indemnify the other party against claims relating to property damage, personal injury or acts or omissions by the Business, its employees, agents or representatives.

c) From time to time, the Business has made guarantees regarding the performance of its systems to its customers. Some of these agreements do not limit the maximum potential future payments the Business could be obligated to make. The Business evaluates and estimates potential losses from such indemnification based on the likelihood that the future event will occur. To date, the

21. Contingencies and commitments: (Continued)

Business has not incurred any material costs as a result of such obligations and has not accrued any liabilities related to such indemnification and guarantees in the combined financial statements.

d) The Business has entered into industrial cooperation agreements, sometimes referred to as offset agreements, as a condition to entering into contracts for its products and services from certain customers in foreign countries. These agreements are designed to return economic value to the foreign country and may be satisfied through activities that do not require a direct cash payment, including transferring technology, providing manufacturing, training and other consulting support to in-country projects. These agreements may provide for penalties in the event the Business fails to perform in accordance with offset requirements. The Business has historically not been required to pay any such penalties.

e) The Business is a party to various other legal proceedings and claims that arise in the ordinary course of business as either a plaintiff or defendant. The Business analyzes all legal proceedings and the allegations therein. The outcome of any of these other proceedings, either individually or in the aggregate, is not expected to have a material adverse effect on the Business's financial position, results of operations or liquidity.

APPENDIX C
MANAGEMENT'S DISCUSSION AND ANALYSIS

MDA LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEARS ENDED DECEMBER 31, 2020, DECEMBER 31, 2019 AND DECEMBER 31, 2018

*Reference to the "Company," "our", "us" or "we" refer to MDA Ltd. ("**MDA**") and the predecessor MDA Canada comprising of the Canadian operations of Maxar Technologies Inc. ("**Maxar**" or the "**Predecessor**").*

*This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations as of December 31, 2020 and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 should be read in conjunction with the Company's audited annual consolidated financial statements, along with the related notes thereto, and the audited combined carve out financial statements of MDA Canada, along with the related notes thereto, included elsewhere in this prospectus. This MD&A is presented as of the date of this prospectus and is current to that date unless otherwise stated. All references in this MD&A to "Fiscal 2020" are to the Company's fiscal year period from April 8, 2020 to December 31, 2020 combined with the Predecessor's period from January 1, 2020 to April 7, 2020. All references to "Fiscal 2019" are to the Predecessor's fiscal year ended December 31, 2019 and to "Fiscal 2018" are to the Predecessor's fiscal year ended December 31, 2018. The financial information presented in this MD&A is derived from the Company's and the Predecessor's audited annual consolidated financial statements for Fiscal 2020, and the Predecessor's audited annual consolidated financial statements for Fiscal 2019 and Fiscal 2018, all of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (IASB). All amounts are expressed in millions of Canadian Dollars ("**CAD**") except where otherwise indicated. Capitalized terms used but no defined herein have the meanings given to them in the Company's prospectus dated March 22, 2021 (the "**Prospectus**") of which this MD&A forms a part.*

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under "Risk Factors". There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A is subject to and qualified by the same risks, uncertainties, assumptions and other factors described under the heading "Forward-Looking Information" in the Prospectus.

OVERVIEW

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

Across our three business areas, Geointelligence, Robotics & Space Operations, and Satellite Systems, we serve nearly every sector of the rapidly growing space economy, with mission expertise and technology tailored to new space applications. In Geointelligence, we use satellite-generated imagery and data to deliver critical and value-added insights for a wide range of use cases, including in the areas of national security, climate change monitoring, and global commerce, as well as revenue from products and services related to defense intelligence systems. In Robotics & Space Operations, we enable humanity's exploration of space by providing autonomous robotics and vision sensors that operate in space and on the surfaces of the Moon and Mars. In Satellite Systems, we provide systems and spacecraft to enable space-based services, including next generation communication technologies designed to deliver space-based broadband internet connectivity from LEO satellite constellations.

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

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

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

New Space Business Opportunities Are Increasing

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

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 earth observation as-a-service, on-orbit robotics operations as-a-service, and space based communications as-a-service. We see this on Government of Canada engagements on projects such as EOSC, DESS-P, the Enhanced Satellite Communication Project — Polar, and Canadarm3.

The Pace and Density of Space Missions is Increasing

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

SUMMARY OF FACTORS AFFECTING COMPANY PERFORMANCE

We believe that there are a number of factors that will affect our business performance, as well as provide opportunities to accelerate performance. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the Risk Factors section of this Prospectus.

Ability to Operationally Scale

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

Significant Hiring of Technical Talent

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

Effective Execution of Advanced Technology Development

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

Expansion of New Business Capability

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

Successful Acquisition and Integration of New Businesses

MDA will continue to identify and evaluate acquisition opportunities in order to strategically add key capabilities to our business that will enable the Company to accelerate growth and expand our ability to access the TAM in each of our business areas.

KEY INDICATORS OF PERFORMANCE AND FINANCIAL CONDITION OF OUR BUSINESS

The Company monitors a number of key indicators to evaluate performance. Some of the key performance indicator measurements used by management are recognized under IFRS whereas others are non-IFRS measures and are not recognized under IFRS. We believe that non-IFRS financial measures are useful to investors, lenders and others in assessing our performance; however, these measures should not be considered as a substitute for reported IFRS measures nor should they be considered in isolation. For a reconciliation of the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS see section entitled "*Reconciliation of Non-IFRS Measures" below*.

IFRS Measures

Revenue

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

Cost of sales

Cost of sales includes product related costs, labour costs, employee benefits and other operating costs such as depreciation and amortization, subcontractor costs and investment tax credits that are directly related to the technology and services that MDA sells to customers.

Gross profit

Gross profit reflects our revenue less cost of sales.

Selling general and administration

Selling, General and Administrative expenses include Shared Services and Corporate support functions, as well as Business Development and labour costs associated with Bids and Proposals. These costs also include research and development expenses, and expenses relating to share-based compensation. In addition, audit fees, recruitment and other consulting fees are captured here.

Other income

Other income primarily includes the Canada Emergency Wage Subsidy ("**CEWS**"), and any gains related to embedded derivative assets.

Other expenses

Other expenses include acquisition related expenses incurred as a result of the acquisition of MDA Canada from Maxar Technologies and expenses incurred subsequently for restructuring and enterprise improvements. Any impairment or foreign exchange related losses would also be booked to together expenses.

Finance expense, net

Finance expense is recognized net of finance income. Finance expenses consist of interest on lease liabilities, operational financings, net interest expense on the net liability of defined benefit pension and other post-retirement and defined benefits plans and the cost of forward points from foreign exchange forward contracts. Finance income is comprised of interest income and gains on disposals of available-for-sale assets. Interest income is recognized as it accrues in earnings, using the effective interest method.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, the measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including Adjusted EBITDA and Adjusted Gross Profit. These non-IFRS measures are used 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.

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 loss (gain) on foreign currency forward contracts ii) unrealized gain on embedded derivatives iii) restructuring costs iv) acquisition costs v) impairment of investments, vi) share based compensation, vii) release of reserve relating to Ukraine satellite and viii) loss relating to a non-recurring purchase date contract renegotiation (Jupiter 3). 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 as a percentage of net sales represents Adjusted EBITDA divided by revenue. We use Adjusted EBITDA as a percentage of revenue to facilitate a comparison of the operating performance on a consistent basis reflecting factors and trends affecting our business. Adjusted EBITDA is not an IFRS measure.

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

Adjusted Gross Profit and Adjusted Gross Profit Percentage

We use Adjusted Gross Profit to give effect to the removal of all depreciation relating to the fair value increment of fixed assets and amortization of intangible assets purchased from Maxar Technologies to allow for a comparison to the historical financial information of MDA. Adjusted Gross Profit represents gross profit as presented in the Financial Ftatements plus the amortization of intangibles acquired in the purchase of MDA from Maxar Technologies. Adjusted Gross Profit Percentage is calculated as Adjusted Gross Profit divided by revenue.

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

Discussion of Adjusted EBITDA Trends

Adjusted EBITDA increased from $126.5 million in 2019 to $126.8 million in 2020 and the Adjusted EBITDA margin increased from 25.9% to 30.8%. The increase in Adjusted EBITDA was primarily driven by the $41.6 million benefit realized from the CEWS, partially offset by lower revenues and higher program costs in Satellite Systems. Excluding the impact of the CEWS, Adjusted EBITDA in 2020 decreased by $41.3 million, driven primarily by the lower revenue and higher program costs in Satellite Systems discussed below, partially offset by increased revenues from EO data and services. Excluding the impact of the CEWS, the Adjusted EBITDA margin in 2020 was 20.7%.

Adjusted EBITDA decreased from $160.9 million in 2018 to $126.5 million in 2019 and the Adjusted EBITDA margin decreased from 29.4% to 25.9%. The decrease in Adjusted EBITDA was primarily driven by the substantial completion of RCM (as defined below) in 2018. Excluding the impact of RCM, Adjusted EBITDA declined modestly primarily due to the decline in revenues from Satellite Systems and EO ground stations (described below), partially offset by increased revenues in Robotics & Space Operations and increased revenues from EO data and services. The decrease in Adjusted EBITDA margin was primarily driven by the substantial completion of RCM, which had above-average profitability in the final stages of the program.

Risk Factors

We believe our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are described in the Prospectus. For a description of these risk factors, please refer to the section entitled "Risk Factors" in the Prospectus.

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. We believe an opportunity exists to (i) grow our revenues from approximately $411 million in Fiscal 2020 to between $800 and $900 million in Fiscal 2022, and (ii) grow our Adjusted EBITDA from approximately $127 million in Fiscal 2020 to between $160 and $180 million in Fiscal

2022. A significant portion of this expected growth is underpinned by the recent award of our flagship programs. In addition, since separating from Maxar, we have renewed our executive leadership team, invested significantly in research and development, and developed new growth strategies to position us for the significant future opportunities in the industry. Over the long-term, we believe the rapid growth of the space economy presents opportunities multiple times larger than our current targets across each of our business areas. We believe there is a $1 trillion (~US$765 billion) TAM of cumulative revenue from 2021 to 2025 and are currently targeting an identified pipeline of potential opportunities in excess of $15 billion over the same period. By leveraging our competitive strengths we believe we will continue to grow revenue rapidly beyond 2022 and achieve over $1.5 billion of revenue in Fiscal 2025. In addition, we have a long term target for our Adjusted EBITDA margin of 18% to 20%.

These targets do not constitute a forecast or projection. Our strategies to achieve these targets are described below and under the heading "Growth Strategies" in the Prospectus. There can be no assurance that we will achieve these targets, and our actual results may vary materially.

Execute on Recently Awarded Flagship Programs

We have recently been awarded new flagship programs that, if fully implemented, will contribute an estimated $350 million towards our targeted fiscal 2022 revenue and that collectively represent over $3.5 billion of potential revenue to MDA over the long-term. The programs include:

Canadarm3: We received a Phase A contract from the CSA in December 2020 to develop Canadarm3 for the Lunar Gateway mission. We expect to be awarded subsequent phases by the fourth quarter of 2021. The Canadarm3 will be designed and built over a five- year period and is expected to generate estimated total revenue to MDA of $1.4 billion, including 15 years of ongoing service and support revenue. 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.

Canadian Surface Combatant: 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, or approximately $100 million per vessel. We will leverage the Canadian Surface Combatant's sensor, laser warning, and electronic system technologies to serve international defense customers as they upgrade their naval fleets over time.

Telesat LEO Constellation: In February 2021, Telesat announced that MDA was selected for a major role on their upcoming constellation. MDA will develop the DRA, a revolutionary digital antenna technology that will provide enhanced coverage flexibility and agility through advanced beam-forming technology. Additionally, we are in discussions to provide Telesat with gateway antennas as well as spacecraft 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.

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

Deepen Constellation Market Share and Develop Digital Solutions for Satellite Communications Industry

In Satellite Systems, we have identified a pipeline of over $10 billion of opportunities[1] and an estimated total addressable market of $875 billion (~US$675 billion) in cumulative revenues over the next five years. To capitalize on this pipeline, we will scale our capabilities and enhance our expertise to win satellite constellation and digital payload opportunities.

[1] Consisting of approximately $3 billion from GEO satellite sub-systems; approximately $7 billion from LEO constellations; and approximately $600 million from MEO satellites, lunar and space communications and additional space communications opportunities.

Our pipeline of communication constellation opportunities is primarily driven by the proliferation of LEO constellation programs. To pursue this pipeline, we are scaling our satellite systems AI&T capabilities through the execution of current and upcoming constellation programs, including Telesat Lightspeed. In addition to supporting high volume requirements, these scaled capabilities give us the capacity to capture incremental aftermarket and replacement services revenues, driven by the short lifespan of LEO satellites. We believe our total opportunity in LEO constellations is significantly greater than our current pipeline, and our expanded platform will allow us to capitalize on additional opportunities.

We will enhance our expertise to support the transition from analog to digital payloads for both LEO and GEO satellites. Our work on the Telesat Lightspeed DRA will further develop our digital satellite technologies. We intend to leverage these technologies and our expertise developed during the program to provide customized digital payload solutions for specific applications, including 5G backhaul and rural broadband. This will enable us to provide critical solutions to satellite manufactures that lack digital payload capabilities.

Expand Market Leadership in Geointelligence

In Geointelligence, we have identified a pipeline of over \$3 billion of opportunities and an estimated total addressable market of \$90 billion (~US\$70 billion) in cumulative revenues over the next five years. We intend to expand our market leadership in Geointelligence to capture our pipeline of opportunities by enhancing our SAR imagery solution, broadening our information services platform, expanding our data sources and executing on next generation opportunities.

We are currently developing SARnext, a next-generation radar satellite system that will enhance our EO solutions offering, and is expected to generate estimated total revenue to MDA of approximately \$2 billion over the next 15 years. SARnext will fuse data from multiple sensors and will leverage artificial intelligence in order to manage larger volumes of data and provide enhanced analytics services. We also intend to launch our cloud-based ground station solution as part of our SARnext offering. These expanded capabilities will grow our customer base and drive increased revenue from existing customers by providing additional services.

We will bolster our information services platform by developing a best-in-class maritime domain awareness analytics platform. This maritime domain awareness platform will be designed to provide customers with the ability to monitor vessel and port activity and environmental conditions for any area of interest around the world from space. It will also have the ability to identify "Dark Vessels" that have turned off key ship identification sensors. This will effectively address our maritime customers' need for near real-time and actionable information. Our maritime domain awareness analytics platform will be transferable to non-maritime market adjacencies, including defense and intelligence, agriculture, and disaster management.

We will leverage our EO satellite capabilities and track record to execute on future opportunities. We are currently working on a pipeline of attractive EO opportunities, including two large satellite programs for the Canadian government, namely the Department of National Defence's DESS-P program and the CSA's EOSC program. Our EO pipeline also includes significant opportunities to export our EO solutions internationally, particularly to geographies with large maritime surveillance requirements, including Australia and the UK.

Maximize Robotics & Space Mission Participation

In Robotics & Space Operations, we have identified a pipeline of over \$2 billion of opportunities[2] and an estimated total addressable market of \$25 billion (~US\$20 billion) in cumulative revenues over the next five years. We intend to capitalize on this pipeline of opportunities by leveraging our industry leading robotics solutions for space exploration and on-orbit servicing applications and by expanding our real-time mission support capabilities.

Our business development and sales activities are focused on maximizing additional participation in space exploration missions. We are an industry leader in space robotics and exploration mission solutions, including LiDAR and vision sensors, planetary vehicle systems, and communication systems, which are technologies that are critical to enabling the successful completion of space exploration missions. We are already contracted

[2] Consisting of approximately \$1 billion from commercial sensors, robotics and space operations; approximately \$725 million from space agency programs; and approximately \$350 million from new mission content.

to provide components for four lunar missions, and believe our robotics solutions can effectively address the majority of space explorations missions currently planned for the next decade.

We will leverage the technologies and capabilities we develop during space exploration and government on-orbit missions 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.

We are expanding our real-time space mission support capabilities by constructing the world's first commercial space robotics operations mission center. We will operate the mission center as a platform to execute space operations on behalf of commercial companies and governments. Our platform will provide planning, simulation, execution, and analysis services to support the growing number of robotics missions and applications.

Expand in Growing International Markets

We see significant opportunity for international expansion in a number of attractive geographies, including the UK and Australia, which are strategically aligned with NATO and lack a large national space company incumbent. To address these international expansion opportunities we intend to enhance our existing presence in the UK and seek additional opportunities to further expand our international footprint. This expansion will enable us to support countries outside of the US and Canada as they pursue their ambitious space programs.

We regularly engage with the UK, Australia, and other international governments to export our expertise in radar satellite technology and multi-source ground stations to develop in-country, domestic capabilities for maritime domain awareness. International countries with prominent coastlines and a high level of marine activity seek our capabilities to increase situational awareness, monitoring, and tracking of vessels and their activity in and around their nation's borders.

Utilize 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.

SARnext Investment

We currently own and operate worldwide commercial data distribution for the RADARSAT-2 satellite, one of the most sophisticated, taskable SAR-based EO satellites in the world. RADARSAT-2 is in its 12th year of orbit and is currently forecasted to operate in a healthy manner through 2025 and beyond. On February 2, 2021, we announced our intent to build SARnext, a commercial EO satellite mission which we believe will extend MDA's market-leading geospatial data, products, and analytics services business well into the future. The construction and launch of SARnext is intended to ensure that MDA has follow-on capability to provide RADARSAT-2 service continuity for MDA's customers worldwide and introduce expanded capabilities to attract a broader range of customers globally. SARnext will include on-orbit satellites, next generation cloud-based ground stations, and artificial intelligence-based analytics of SAR data leading to advanced information services delivered through engaging user platforms. We expect to fund a portion of the construction cost by pre-selling data and services to select customers.

RADARSAT Constellation Mission and Upcoming Follow-on Missions

The RADARSAT Constellation Mission ("**RCM**") is Canada's latest generation of EO satellites, designed and built by MDA. The total program value to MDA was approximately $1.0 billion, realized over the course of 6 years (from 2013 to 2019). MDA's work on RCM was substantially completed in 2019 and the constellation was launched on June 12, 2019. The completion of RCM over the course of 2018 and 2019 resulted in lower revenues to MDA as the program wound-down. MDA has recently been awarded a multi-year contract to provide operational support services for a number of Government of Canada satellite missions including RCM.

The Canadian government is currently in the early-stages of planning two separate follow-on missions to RCM with an estimated total value in excess of $3.0 billion, including EOSC and DESS-P. We have provided the Canadian government with concept studies for each of these programs and believe we are well-positioned to continue to serve as the prime contractor for Canada's EO satellite programs.

Jupiter 3 Satellite Sub-system Program

Jupiter 3 is a highly complex, next generation Ultra High Density Satellite being designed and built by Space Systems/Loral ("**SSL**"), a Maxar subsidiary. MDA is developing and supplying several electronic components for Jupiter 3. SSL and MDA have faced many technical challenges over the course of the program, which were further compounded by COVID-19 productivity losses in 2020, and, as a result, expect to generate lower profitability than originally estimated. In connection with the acquisition of MDA from Maxar, MDA agreed to transition MDA's cost-plus contract to a firm fixed price contract, which has resulted in MDA generating negative gross profit on the remainder of the Jupiter 3 program. In Fiscal 2020, MDA recognized a loss of $23 million on the Jupiter 3 program as a result. The program is expected to be completed during fiscal year 2021 and MDA does not expect to record any material incremental losses related to the program.

The statements contained under this section "Growth Strategies" include forward-looking information, and readers are therefore cautioned that actual results may vary from those described above. See "*Forward-Looking Information*" and "*Risk Factors*" in this MD&A and the Prospectus for a description of the risks and uncertainties that impact our business and that could cause actual results to vary. See also "Growth Strategies — Assumptions" in the Prospectus for a description of our assumptions underlying the targets set out herein.

BUSINESS AREAS

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

Geointelligence

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

Our EO solutions and services include the provision of EO imagery, data, and value-added analytics, as well as the infrastructure required to receive and process EO data and imagery. EO solutions and services are sold to a wide range of government and commercial organizations in the defence, weather, transportation, energy and mining, and civilian sectors. The largest market for our EO data and services is maritime surveillance, where government and commercial organizations rely on us for mission critical near real-time data to monitor vessels, detect possible oil spills, and track illegal ship activity. We have been a leading provider of these mission critical services for over 10 years and, as a result, we play an integral role in our customer's surveillance strategies and are highly embedded in their workflows, which create strong barriers to entry and result in highly recurring revenue. We have installed more than 70 receiving and processing ground stations in more than 25 different countries which process data from over 20 different satellites. The intelligence provided through our ground stations supports a broad range of applications, such as national security, maritime transportation, urban development, land use, resource management, environmental monitoring, defence operations, law enforcement and mapping.

Our defence intelligence systems and solutions are primarily delivered to the Canadian government, and include ship combat systems, command and control systems, operational trainers, and airborne surveillance solutions. We are the original solution provider of many of these systems and, as a result, have been a long-standing provider of ongoing maintenance, support, and upgrades, which results in highly recurring revenue while these systems remain in operation. We also operate a long endurance unmanned aerial vehicle surveillance service which provides real-time multi-sensor intelligence to support critical operations directly in-theatre and areas of interest that require real-time monitoring. We have provided these services in the past to the Canadian and Australian governments and currently for an agency in Europe. With the U.S. Air Force as a principal customer, we also provide advanced navigation information systems that increase safety and efficiency of aircraft landings and departures, supporting the next generation of air traffic management.

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

Robotics & Space Operations

We are a world leader in space robotics with the Canadian Space Agency, the Defense Advanced Research Projects Agency, the National Aeronautics and Space Administration, and the European Space Agency as principal customers. We have a long heritage of providing the robotics for the U.S. Space Shuttle and the International Space Station ("**Canadarm**" and "**Dextre**") and are currently involved in the development of the next generation of space robotics for the planned lunar gateway ("**Canadarm3**"). We also provide recurring and ongoing mission-related support and maintenance solutions for the Mobile Servicing System installed on the International Space Station, which is composed of Canadarm2, Dextre and the Mobile Base System. We have been providing these support services with funding from the Canadian Space Agency since 2000 and in March 2020 we were awarded a $190.0 million contract to continue to provide these services for the next four years. We also provide technologies for exploration mobility, space manipulation, control and autonomy, perception, ground testing, robotic interfaces, and vision and sensor systems.

Satellite Systems

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

SELECTED FINANCIAL INFORMATION

(in millions of Canada dollars except per share amounts)	2020[1]	2019	2018
Consolidated Results:			
Revenues	411.5	487.5	547.3
Gross profit	74.8	171.1	223.6
Gross profit percentage	18.2%	35.1%	40.9%
Adjusted EBITDA[2]	126.8	126.5	160.9
Adjusted EBITDA margin[2]	30.8%	25.9%	29.4%
Net income (loss)	(36.2)	73.0	120.8
Net comprehensive income (loss)	(46.8)	73.0	120.8
Loss per common share, basic and diluted	(0.04)[3]	—	—

Financial Position, as at December 31 (C$ in millions)	2020	2019	2018
Total assets	1,455.2	723.5	642.0
Total non-current liabilities	755.4	61.6	65.5

(1) As defined in “Calendar 2020 Construction” below for non-balance sheet figures.

(2) As defined in “Non-IFRS Financial Measures”.

(3) Loss per common share represents the April 8 to December 31, 2020 period post-acquisition of MDA. The Company will not present historical Maxar earnings per share.

Revenue for Fiscal 2020 decreased $76.0 million or 15.6% compared to Fiscal 2019. The decline was primarily due to the completion of RCM combined with productivity loss from COVID-19, loss on Jupiter 3 program and substantial completion of contracts not replaced. Revenues decreased from $547.3 million in 2018 to $487.5 million in 2019. The decline was primarily due to the ramp down of RCM and the completion or substantial completion of several programs not replaced with new awards, partially offset by an increase in revenue through the acquisition of Neptec Design Group (“**Neptec**”) in July 2018.

Adjusted EBITDA[1] increased from $126.5 million in 2019 to $126.8 million in 2020 and the Adjusted EBITDA margin[1] increased from 25.9% to 30.8%. Adjusted EBITDA[1] decreased from $160.9 million in 2018 to $126.5 million in 2019 and the Adjusted EBITDA margin[1] decreased from 29.4% to 25.9%. Please refer to Adjusted EBITDA discussion above.

RESULTS OF OPERATIONS

	2020		2019		2018	
(in millions of Canadian dollars)	**Amount ($)[(1)]**	**% of Revenue**	**Amount ($)**	**% of Revenue**	**Amount ($)**	**% of Revenue**
Revenues	411.5		487.5		547.3	
Cost of revenue	336.7	81.8%	316.4	64.9%	323.7	59.1%
Gross profit	74.8	18.2%	171.1	35.1%	223.6	40.9%
Operating expenses:						
Research & development	7.2	1.7%	6.9	1.4%	5.8	1.1%
Selling, general & administration	72.4	17.6%	62.0	12.7%	61.2	11.2%
Other expenses (income)	(5.2)	(1.3)%	22.6	4.7%	6.6	1.2%
Total operating expenses	74.4	18.1%	91.5	18.8%	73.6	13.4%
Operating income	0.4	0.1%	79.6	16.3%	150.0	27.4%
Other expense (income), net Finance expense (income), net	31.4	7.6%	2.2	0.5%	(4.6)	(0.8)%
Income before income taxes	(31.0)	(7.5)%	77.4	15.9%	154.6	28.3%
Income tax expense	5.2	1.3%	4.4	0.9%	33.8	6.2%
Net income (loss)	(36.2)	(8.8)%	73.0	15.0%	120.8	22.1%
Exchange differences on translation of foreign operations	2.0	0.5%	—	—	—	—
Remeasurement loss on defined benefit plans (net of tax effects)	8.6	2.1%	—	—	—	—
Total comprehensive income (loss)	**(46.8)**	**(11.4)%**	**73.0**	**15.0%**	**120.8**	**22.1%**

(1) As defined in calendar 2020 construction for non-balance sheet figures

Revenue

(in millions of Canadian dollars)	2020	2019	2018
Revenues by Business Area:			
Geointelligence	184.5	201.1	243.7
Robotics & Space Operations	115.3	106.2	93.9
Satellite Systems	111.7	180.2	209.7
Consolidated revenues	**411.5**	**487.5**	**547.3**
Geointelligence Revenue Detail:			
RADARSAT Constellation Mission	7.2	20.8	58.4
All other	177.3	180.3	185.3
Geointelligence revenues	**184.5**	**201.1**	**243.7**

The Company disaggregates revenue by its three business areas.

Geointelligence

Revenues in our Geointelligence segment declined from $243.7 million in 2018 to $184.5 million in 2020, primarily due to the completion of RCM (see above for additional background on RCM). Excluding the impact of RCM, revenues decreased from $180.3 million in 2019 to $177.3 million in 2020. The mix of revenue changed slightly with increased revenue from EO data and services, partially offset by lower revenues from defense-related solutions and EO ground stations. Excluding the impact of RCM, revenues decreased from $185.3 million in 2018 to $180.3 million in 2019. The decrease was primarily due to the completion of a large upgrade program related to EO ground stations offset with revenue from EO data and services and growth from new business awards, including the Canadian Surface Combatant.

Robotics & Space Operations

Revenues in our Robotics & Space Operations segment increased from $106.2 million in 2019 to $115.3 million in 2020, primarily due to new business awards, including revenues related to the commencement of the Canadarm3 contract. These increases were partially offset by modestly lower revenues related to the ongoing support of Canadarm2 Revenues increased from $93.9 million in 2018 to $106.2 million in 2019, primarily due to the July 2018 acquisition of Neptec, a leading supplier of electro-optical and electro-mechanical systems and high-performance intelligent Light Detection and Ranging (LIDAR) systems. Excluding the impact of the Neptec acquisition, revenues were essentially flat in 2019 as compared to 2018, with modest declines in revenue related to the ongoing support of Canadarm2 largely offset by new business awards.

Satellite Systems

Revenues in our Satellite Systems segment decreased from $180.2 million in 2019 to $111.7 million in 2020 due to several factors including: (i) productivity losses due to COVID-19 which impacted progress on existing programs; (ii) delay in new business awards due to COVID-19; (iii) increased costs associated with the Jupiter 3 satellite program, which resulted in lower revenues and negative gross profit (described above); and (iv) the substantial completion of several programs that were not fully offset by new business awards. Revenues decreased from $209.7 million in 2018 to $180.2 million in 2019, primarily due to the completion and substantial completion of several programs that were not fully offset by new business awards.

Gross profit

(in millions of Canadian dollars)	2020
Revenue	411.5
Gross profit, excluding PPA related depreciation and amortization [(1)]	119.3
Gross profit percentage, excluding PPA related depreciation and amortization [(1)]	29.0%
Amortization related to PPA	44.5
Gross profit including PPA related depreciation and amortization	74.8
Gross profit percentage, including PPA related depreciation and amortization	18.2%

(1) As defined in "Non-IFRS Financial measures".

Fiscal 2020 Compared to Fiscal 2019

Gross profit for the year ended December 31, 2020 was $74.8 million compared to $171.1 million for the year ended December 31, 2019. A significant portion of the decrease ($44.5 million) was due to depreciation of the fair value increment of fixed assets and amortization of intangible assets associated with the Purchase Price Allocation ("**PPA**") accounting driven by the April 2020 acquisition of MDA. Excluding PPA amortization, Gross Profit decreased by $51.8 million as compared to 2019. The decrease was driven by lower revenues and increased program costs in Satellite Systems, principally due to productivity losses associated with COVID-19 (described above) and losses incurred with respect to the Jupiter 3 program (negative $23.0 million gross profit, described above). In addition, a small number of programs in the Geointelligence and Robotics & Space Systems business areas realized increased program costs principally due to productivity losses associated with COVID-19.

Gross profit percentage for the year ended December 31, 2020 was 18.2% compared to 35.1% for the year ended December 31, 2019. A significant portion of the decrease was due to PPA depreciation and amortization described above. Excluding PPA related depreciation and amortization, gross profit percentage in 2020 was 29.0%. The decrease in gross profit percentage compared to 2019 was principally driven by the lower revenues in Satellite Systems and increased program costs described above. Excluding PPA depreciation and amortization and the impact of the losses incurred on Jupiter 3, gross profit percentage in 2020 was 34.5%.

Fiscal 2019 Compared to Fiscal 2018

Gross profit for the year ended December 31, 2019 was $171.1 million compared to $223.6 million for the year ended December 31, 2018. The decrease was principally driven by the substantial completion of RCM in 2018, which generated above-average gross profit margins in the final stages of the program, and lower activity levels in Satellite Systems.

Gross profit for the year ended December 31, 2019 was 35.1% compared to 40.9% for the year ended December 31, 2018. The decrease was principally driven by the completion of the RCM program, lower activity level in Satellite Systems and increased depreciation and amortization expense included in cost of goods sold. These decreases were partially offset by increased revenue from the sale of EO data and services, which have higher gross profit as compared to other products and services.

Research and development

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

(in millions of Canadian dollars)	2020	2019	2018
R&D expense	25.6	27.4	37.6
R&D recoveries	(18.4)	(20.5)	(31.8)
	7.2	**6.9**	**5.8**

Fiscal 2020 Compared to Fiscal 2019

Net R&D expense for the year ended December 31, 2020 was $7.2 million compared to $6.9 million for the year ended December 31, 2019, an increase of 4.3%. Gross R&D declined $1.8 million primarily due to new spend on SARnext being offset by completion of various programs. Reimbursement of gross R&D expense decreased from 74.8% to 71.9% due to non-reimbursable spend of SARnext and completion of various programs. On a net basis, R&D expenses increased as the impact of the reduction in recoveries was greater than the reduction of gross R&D expenses.

Fiscal 2019 Compared to Fiscal 2018

Net R&D expense for the year ended December 31, 2019 was $6.9 million compared to $5.8 million for the year ended December 31, 2018, an increase of 19.0%. Gross R&D expense decreased from $37.6 million to $27.4 million. Reimbursement of gross R&D expense decreased from 84.6% to 74.8% principally due to lower recoveries in the Technology Demonstration Program (as described in the Financial Statements).

Selling, general and administration

Fiscal 2020 Compared to Fiscal 2019

Selling, general and administrative expenses for the year ended December 31, 2020 were $72.4 million compared to $62.0 million for the year ended December 31, 2019. The change year over year was primarily due to higher stock-based compensation and greater salaries and benefits in relation to personnel changes as a result of the acquisition.

Fiscal 2019 Compared to Fiscal 2018

Selling, general and administrative expenses for the year ended December 31, 2019 were $62.0 million compared to $61.2 million for the year ended December 31, 2018, an increase of 1.3%.

Other expense (income), net

Fiscal 2020 Compared to Fiscal 2019

Other income for the year ended December 31, 2020 was $5.2 million compared to expense of $22.6 million for the year ended December 31, 2019. This was driven by $41.6 million received in CEWS due to COVID-19 and an unrealized gain on an embedded derivative asset of $7.0 million, offset by an increase of $7.2 million of restructuring costs, $9.8 million in acquisition costs incurred due to the acquisition from Maxar on April 8, 2020 and increased foreign exchange losses of $3.8 million. The receipt of the CEWS funds allowed for business continuity given we are poised for growth in the coming years and need to ensure we are able to retain talent and ramp-up engineering staff to support new contracts.

Fiscal 2019 Compared to Fiscal 2018

Other income and expense for the year ended December 31, 2019 was $22.6 million compared to expense of $6.6 million for the year ended December 31, 2018. This was primarily driven by the recognition of 50% of the impairment cost against OneWeb investment in 2019.

Interest expense, net

Fiscal 2020 Compared to Fiscal 2019

Interest expense for the year ended December 31, 2020 was $31.4 million compared to $2.2 million for the year ended December 31, 2019. The main driver of the increase is interest and fees paid on the senior long-term debt and note debentures as a result of the acquisition from Maxar on April 8, 2020.

Fiscal 2019 Compared to Fiscal 2018

Interest expense for the year ended December 31, 2019 was $2.2 million compared to interest income of $4.6 million for the year ended December 31, 2018. This change is primarily due to an interest recovery in 2018 related to prior year Canadian investment tax credits not repeated in 2019.

Income tax expense

Fiscal 2020 Compared to Fiscal 2019

The tax expense for the year ended December 31, 2020 was $5.2 million compared to $4.4 million in 2019, primarily due to a net reduction in the tax benefit associated with deductible financing costs in the year and an increase in deferred taxes resulting from a change in estimate. This was largely offset by a decrease in net income before tax reported for the fiscal year and an increase in the benefit associated with the change in uncertain tax positions.

Fiscal 2019 Compared to Fiscal 2018

The tax expense for the year ended December 31, 2019 was $4.4 million compared to $33.8 million for the year ended December 31, 2018. This was primarily due to a decrease in the amount of net income before tax reported for the fiscal year and an increase to the tax benefit recognized of certain temporary differences. This was partially offset by a reduction in the benefit associated with the change in uncertain tax positions during the year and a non-deductible impairment charge.

FINANCIAL CONDITION, LIQUIDITY & CAPITAL RESOURCES

As a result of the acquisition of MDA Canada, the Company's total assets position on the balance sheet has significantly improved. Total assets of the Company have increased from $723.5 million at December 31, 2019 to $1,455.2 million at December 31, 2020. This is mainly driven by the intangible assets of $624.6 million and goodwill $419.9 million recognized upon acquisition and other purchase price allocation adjustments discussed in detail in note 5 of the April 8, 2020 to December 31, 2020 consolidated financial statements.

Further, the Company has invested significantly in growth which has led to the increase of non-current liabilities from $61.6 million at December 31, 2019 to $755.4 million at December 31, 2020. This is further discussed in detail in the *Cash Flows* and *Indebtedness* discussions below.

Financial Condition

The following table represents our working capital position as at December 31, 2020, December 31, 2019, and December 31, 2018:

(in millions of Canadian dollars)	2020	2019	2018
Current assets	327.7	400.0	301.8
Current liabilities	242.4	251.8	226.5
Working capital	**85.3**	**148.2**	**75.3**

As at December 31, 2020, we had $78.6 million of cash and $85.3 million of working capital, which is current assets minus current liabilities, compared with $62.0 million of cash and $148.2 million of working capital as at December 31, 2019 and $22.3 million of cash and $75.3 million of working capital as at December 31, 2018. The $62.9 million decrease in our working capital in 2020 was primarily due to a $73.5 million decrease in accounts receivable, $15.6 million decrease in current tax assets, $22 million increase in current portion of long term debt, $24.7 million increase in contract liabilities, $11.4 million increase in provisions, offset by a $16.6 million increase in cash and cash equivalents, and $69.9 million decrease in trade and other payables.

The $72.9 million increase in our working capital in 2019 was primarily due to a $58.4 million increase in trade and other receivables, $39.7 million increase in cash and cash equivalents, offset by a $18.8 million increase in trade and other payables.

Cash Flows

The Company's consolidated statement of cash flows for the fiscal year ended December 31, 2020 compared to December 31, 2019 and for the fiscal year ended December 31, 2019 compared to December 31, 2018 are noted below:

(in millions of Canadian dollars)	2020	2019	2018
Cash, beginning of year	62.0	22.3	11.8
Total cash provided by (used in):			
Operating activities	70.4	104.4	71.9
Investing activities	(1,012.9)	(9.0)	(26.2)
Financing activities	961.1	(55.7)	(35.2)
Net foreign exchange difference	(2.0)	—	—
Increase in cash	16.6	39.7	10.5
Cash, end of year	**78.6**	**62.0**	**22.3**

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by operating activities. We can also use our RT Credit Facility as a source of liquidity for short-term working capital needs. Our ability to fund our operations, to make planned capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

Cash flows from operating activities

The Company generated cash from operating activities of $70.4 million in 2020 (2019 — $104.4 million, 2018 — $71.9 million), mainly from Adjusted EBITDA of $126.8 million, and the change in operating assets and liabilities. The variability of cash used in changes in operating assets and liabilities was primarily due to the timing of milestone receipts and payments on large dollar construction contracts and changes in the balances of inventories, non-financial assets and employee benefits, all in the ordinary course of business. The Company expects working capital account balances to remain uneven. If required, we may fund our working capital requirements with the revolving credit facility.

Cash flows from investing activities

The Company used $1 billion in investing activities in 2020 (2019 — $9.0 million, 2018 — $26.2 million). The primary use of cash this year related to the acquisition of MDA Canada for $996.0 million. Gross property, plant and equipment and intangible additions were $5.9 million and $11.0 million respectively.

In 2019, the Company's gross property, plant and equipment and intangible additions were $5.8 million and $3.2 million, respectively. In 2018, the Company's gross property, plant and equipment and intangible additions were $10.2 million and $8.7 million, respectively. In 2018, the Company had investing activities of $7.6 million in Neptec.

Cash flows from financing activities

The Company received net cash of $961.1 million from financing activities in 2020 (2019 — $(55.7) million, 2018 — $(35.2) million), reflecting the issuance of shares of $480.4 million and new debt of $569.6 million to support the acquisition of MDA, less financing to parent company before divestment of $69.9 million, repayment of long term debt $10.9 and lease liabilities $8.1.

In 2019, the Company paid lease liabilities of $9.2 million and financing to parent company before divestment of $46.5 million. In 2018, the Company provided financing to parent company before divestment of $35.2 million.

Indebtedness

MDA has the following contractual cash flow obligations of which the key agreements, and principal amounts of the First Lien Credit Agreement and Second Lien Note Indenture are discussed in detail below.

(in millions of Canadian dollars)	Carrying amount	Contractual cash flows	Maturing in less than 1 year	Maturing in 1 to 2 years	Maturing in 2 to 5 years	Maturing beyond 5 years
Non-derivative financial liabilities:						
Trade and other payables	$ 65.7	$ 65.7	$65.7	$ 0.0	$ 0.0	$ 0.0
Financial liabilities, other:						
Non-trades payables	1.8	1.8	0.8	—	0.7	0.3
Term loan	411.9	424.2	21.8	27.2	375.2	—
Second lien notes	147.8	150.0	—	—	—	150.0
	627.2	641.7	88.3	27.2	375.9	150.3
Lease liabilities	20.5	21.3	8.1	7.2	6.0	—
Derivative financial liabilities:						
Foreign exchange forward contracts	0.1	0.1	0.1	—	—	—
Other derivative instruments	0.5	0.5	0.2	0.3	—	—
	0.6	0.6	0.3	0.3	—	—
	$648.3	**$663.6**	**$96.7**	**$34.7**	**$381.9**	**$150.3**

First Lien Credit Agreement

On April 8, 2020, MDA Opco entered into a first lien Credit Agreement (the "**Credit Agreement**"), with The Bank of Nova Scotia, as Administrative Agent, and certain financial institutions as lenders, which matures in 2025. The Credit Agreement is comprised of a senior secured revolving term facility (the "**RT Credit Facility**") and a senior secured non-revolving term facility (the "**NRT Credit Facility**" and together with the RT Credit Facility, the "**Credit Facility**")). The RT Credit Facility has commitments of $80.0 million, where any amounts extended in excess of $50.0 million, may only be extended by letters of credit. The initial size of the NRT Credit Facility was $435.0 million.

Loans under the Credit Facility, at our option may be maintained from time to time as (a) Prime Rate Loans (as defined in the Credit Agreement), which bear interest at a rate per annum equal to the Applicable Margin (as defined in the Credit Agreement) for Prime Rate Loans plus the Prime Rate (as defined in the Credit Agreement), (b) Base Rate Canada Loans (as defined in the Credit Agreement), which bear interest at a rate per annum equal to the Applicable Margin plus the Alternate Base Rate Canada rate, (c) Banker's Acceptances (as defined in the Credit Agreement) funded on a discounted proceeds basis given the published CDOR discount rate plus a rate per annum equal to the Applicable Margin for stamping fees or (d) LIBOR Loans (as defined in the Credit Agreement), which bear interest at a rate per annum equal to the Applicable Margin for LIBOR Loans plus the LIBOR Rate (as defined in the Credit Agreement).

A commitment fee will be charged on the average daily unused portion of the RT Credit Facility. A letter of credit fee, with respect to letters of credit, will accrue on the aggregate principal of outstanding letters of credit under the RT Credit Facility equal to the Applicable Margin for BA loans. A fronting fee will be charged on the aggregate principle of outstanding letters of credit equal to 0.25% per annum.

Amounts under the RT Credit Facility may be borrowed, repaid, and re-borrowed to fund our general corporate purposes. At December 31, 2020, $15.5 million was drawn against the RT Credit Facility, all in respect of letters of credit.

The NRT Credit Facility requires quarterly principal repayments as set out in a pre-determined amortization schedule. In 2020, we made $10.9 million principal repayments on the NRT Credit Facility. At December 31, 2020, $424.1 million was outstanding on the NRT Credit Facility.

The Credit Agreement contains financial and non-financial covenants, which could impact the Company's ability to draw funds on the RT Credit Facility. At December 31, 2020 and during the period, the Company was in compliance with all covenants.

All obligations under the Credit Agreement are unconditionally guaranteed by the Company, and subject to certain exceptions, our Canadian, U.S. and U.K. subsidiaries.

Second Lien Note Indenture

On April 8, 2020, MDA Opco entered in to a second lien note indenture with Computershare Trust Company of Canada, as Trustee (the "**Indenture**"), which matures in 2027. The principal amount of the Indenture is $150.0 million.

The Indenture bears interest at 10% per annum if elected in cash, or 12% if the Paid-in-Kind ("**PIK**") election is made (6% cash, 6% in-kind). Interest is due semi-annually. Interest on the second lien notes for each interest period is payable by increasing the principal amount of the outstanding notes by the amount of interest then due and owing for such interest period. An administration fee of 1.0% per annum is also payable in cash on a quarterly basis.

All obligations under the Indenture are unconditionally guaranteed by the Company, and subject to certain exceptions, our Canadian, U.S. and U.K. subsidiaries. The Indenture security is subordinated to the security provided under the Credit Facility.

The Indenture includes an embedded optional redemption feature which allows MDA Opco to redeem all or part of the notes at rates that do not approximately equal the amortized cost. The fair value of this embedded derivative redemption feature as at December 31, 2020 is $8.9 million.

Capital Management

The Company manages its capital, which consists of equity and long-term debt, with the objectives of safeguarding sufficient working capital over the annual operating cycle and providing sufficient financial resources to grow operations to meet long-term customer demand. Management targets a ratio of trailing twelve months Adjusted EBITDA to total debt. We will continually assess the adequacy of the Company's capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

FINANCIAL INSTRUMENTS

The Company has included a comprehensive discussion on financial instruments in note 22 of the consolidated financial statements, but has discussed the use of financial instruments in relation to foreign currency exchange risk below:

Foreign currency exchange risk

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

The Company maintains a hedging program and enters into foreign exchange forward contracts to economically hedge certain exposures 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.

As at December 31, 2020, the Company had Canadian dollar foreign exchange forward purchase contracts for $10.0 million. The Company also had Canadian dollar foreign exchange forward sales contracts for $0.4 million.

Interest Rate Risk

The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt. 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. An increase in interest rates could adversely affect the operations or financial performance of the Company. On December 31, 2020, the Company had $15.5 million drawn on the RT Credit Facility, all in respect of letters of credit, and $424.1 million outstanding under the NRT Credit Facility. Based on the outstanding borrowings under the Credit Facility during fiscal 2020, a 1.00% increase in the average interest rate on our borrowings would have increased interest expense by approximately $3.6 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.

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, 2020, the aggregate gross potential liability related to the Company's letters of credit was approximately $15.5 million.

For the years 2019 and 2018 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. In 2020, MDA's compensation to its key management personnel was $21.6 million, which consisted of short-term benefits, post-employment benefits, termination benefits, and share-based compensation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates, assumptions and judgments are based on various factors that management believes to be reasonable under the circumstances. Key components of the consolidated financial statements requiring management to make estimates and judgements are discussed below.

Revenue Recognition

The Company recognizes revenue in accordance with the five-step model set forth by IFRS 15 "Revenue from contracts with customers", which involves identification of the contract(s), identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations, and recognition of revenue as the performance obligations are satisfied.

Revenue from long-term construction contracts are generally recognized over time using a cost-to-cost approach, which requires the Company to make estimates regarding the revenue and cost associated with the design, manufacture and delivery of its products and services. Revenue from construction contracts includes initial contract amounts, variations in contract work, claims, incentive payments, shipping and handling costs and the fair value of customer furnished materials. Variable consideration is recognized in the contract transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from service contracts contain cost-plus fixed-fee contracts, contracts structured as time and materials where the customer is billed as labour hours are incurred, and firm fixed price contracts. Regardless of the contract structure, revenue is recognized over time. Given the fact that in almost all cases, the customer controls the related work-in-progress, an input measure is the most appropriate basis with which to measure progress. As cost of labour is the predominant measure by which these contracts are structured, the Company recognizes revenue using a cost-incurred approach.

Deferred tax assets

The Company recognizes deferred tax assets for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Uncertain tax positions

The Company records accruals for uncertain tax positions when management believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

Investment tax credits

Investment tax credits are assessed based on the likelihood that they will be applied against federal and provincial income taxes. The Company applies judgment when determining whether the reasonable assurance threshold has been met to recognize investment tax credits in the financial statements. The Company interprets eligibility requirements in accordance with Canadian income tax laws and assesses 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 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 financial statements.

Goodwill impairment assessment

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that its carrying amount may be less than its recoverable amount. For the purposes of impairment testing, goodwill is allocated to groups of Cash generating units ("**CGUs**") based on the level at which it is monitored for internal reporting purposes. An impairment loss is recognized in earnings when the carrying value of a group of CGUs exceeds its estimated recoverable amount. The recoverable amount of a group of CGUs is the greater of its value in use and its fair value less cost to sell.

Estimates used in determining the recoverable amount include cash flow projections, discount rates, growth rates, and capital expenditures. Any changes to these inputs could have a material impact on the impairment calculation. In note 16 of the consolidated financial statements, the Company has disclosed the inputs used in its annual goodwill impairment test and also provided a sensitivity analysis to demonstrate the changes required in isolation within these inputs for the carrying amount to equal the recoverable amount.

Expected credit losses

The Company recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs whereby the Company recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Useful life of long-lived assets and finite life intangible assets

The Company has established policies for determining the useful life of its intangible and long-term assets and amortizes the costs of these assets over those useful lives. The useful life for each category of asset is determined based on the expectation of its ability to continue to generate revenues, and thus, cash flows. This ability is reviewed annually to ensure the conditions still exist to allow the asset to be reflected at its carrying amount.

Provisions

Provisions are recognized if the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Management uses judgment to estimate the amount, timing and probability of the liability based on facts known at the reporting date.

Pensions and post-retirement benefit obligations

The Company considers a number of factors in developing its pension assumptions, including an evaluation of relevant discount rates, plan asset allocations, mortality, expected changes in wages and retirement benefits, analysis of current market conditions, economic benefits available and input from actuaries and other consultants. The calculation of the Company's defined benefit pension plan and other post-retirement benefit obligations is performed annually by qualified actuaries.

Share-based compensation

Share-based compensation plan grants are measured at fair value using the Black-Scholes Merton option pricing model. In its calculation, management uses judgement to determine the inputs which include the expected granted option lives and the underlying share price volatility over similar periods to the expected life of the awards under consideration. Changes in these assumptions can impact the calculation of fair value and the amount of compensation expense recognized in earnings.

Determination of the lease term

There are some lease contracts that contain extension options and termination options exercisable by the company before the end of the non-cancellable contract period. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised on a case-by-case basis based on the significance of the leased asset to the Company's business needs.

Fair value of financial instruments

The valuation of the Company's derivative instruments, and certain other financial instruments requires estimation of the fair value of each instrument at the reporting date. Details of the basis on which fair value is estimated are provided in note 22 to the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to Note 4, *Standards issued not yet effective*, in the audited consolidated financial statements for the period ended December 31, 2020 for a discussion of recent pronouncements of accounting standards not yet adopted.

RECONCILIATON OF NON-IFRS MEASURES

Adjusted EBITDA

The following table provides a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA:

(in millions of Canadian dollars)	2020[(1)]	2019	2018
Net Income (loss)	(36.2)	73.0	120.8
Depreciation and amortization	65.3	19.3	13.3
Income tax expense	5.2	4.4	33.8
Interest	31.4	2.2	(4.6)
EBITDA	$ 65.7	$ 98.9	$163.3
Unrealized foreign exchange loss (gain) on foreign currency forward contracts	1.0	(2.8)	3.3
Unrealized gain on embedded derivatives	(7.0)	—	—
Restructuring costs	9.5	7.5	6.8
Acquisition costs	12.3	2.5	—
Impairment	16.4	16.3	—
Share based compensation	5.9	4.1	(2.8)
Ukraine satellite reserve release	—	—	(9.7)
Loss related to Jupiter 3	23.0	—	—
Adjusted EBITDA	$126.8	$126.5	$160.9
Adjusted EBITDA as % of revenue	30.8%	25.9%	29.4%

(1) As defined in calendar 2020 construction for non-balance sheet figures

Adjusted Gross Profit

The following table sets forth a reconciliation of gross profit and Adjusted gross profit margin:

Gross profit, excluding PPA related depreciation and amortization (in millions of Canadian dollars)	2020
Revenue	411.5
Gross profit	74.8
Gross profit percentage	18.2%
PPA related amortization	44.5
Adjusted gross profit	119.3
Adjusted Gross Profit percentage	29.0%

CALENDAR 2020 CONSTRUCTION

The Company has presented below a construction of the figures used in this document that are for the year-ended December 31, 2020. To obtain the full year figures, management has added the figures from the period of January 1 to April 7, 2020 when the Company was under the ownership of Maxar, as extracted from the combined carve out financial statements of MDA Canada, and the figures from April 8, 2020 to December 31, 2020 after the acquisition of the Company, as extracted from the consolidated financial statements of the Company, both as included elsewhere in the Prospectus.

Selected annual information

(in millions of Canada dollars except per share amounts)	January 1 - April 7, 2020	April 8 - December 31, 2020	January 1 - December 31, 2020
Consolidated Results:			
Revenues	115.9	295.6	411.5
Gross profit	27.9	46.9	74.8
Gross profit percentage	24.1%	15.9%	18.2%
Adjusted EBITDA[(2)]	18.7	108.1	126.8
Adjusted EBITDA margin[(2)]	16.1%	36.6%	30.8%
Net income (loss)	(18.9)	(17.3)	(36.2)
Total Comprehensive Income/(loss)	(18.9)	(27.9)	(46.8)
Loss per common share, basic and diluted	—	$ (0.04)	—
Revenues by Business Area:			
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**
Geointelligence Revenue Detail:			
RADARSAT Constellation Mission	1.9	5.3	7.2
All other	47.9	129.4	177.3
Geointelligence revenues	**49.8**	**134.7**	**184.5**

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
Cost of revenue	88.0	248.7	336.7
Gross profit	27.9	46.9	74.8
Operating expenses:			
Research & development	1.4	5.8	7.2
Sales, general & administration	17.2	55.2	72.4
Other expenses (income)	20.5	(25.7)	(5.2)
Total operating expenses	39.1	35.3	74.4
Operating income (loss)	(11.2)	11.6	0.4
Other expense (income), net			
Finance expense, net	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)
Exchange differences on translation of foreign operations	—	(2.0)	(2.0)
Remeasurement loss on defined benefit plans (net of tax effects)	—	(8.6)	(8.6)
Total comprehensive income (loss)	**(18.9)**	**(27.9)**	**(46.8)**

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	58.3	65.3
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) on FX forward contracts	5.1	(4.1)	1.0
Unrealized gain on embedded derivative	—	(7.0)	(7.0)
Restructuring costs	0.4	9.1	9.5
Acquisition costs	—	12.3	12.3
Impairment	16.4	—	16.4
Share based compensation	1.0	4.9	5.9
Loss related to Jupiter 3	—	23.0	23.0
Adjusted EBITDA	**$ 18.7**	**$108.1**	**$126.8**

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**

Gross profit, excluding PPA related amortization

(in millions of Canadian dollars)	January 1 - April 7, 2020	April 8 - December 31, 2020	January 1 - December 31, 2020
Revenue	115.9	295.6	411.5
Gross profit, excluding PPA related amortization(1)	27.9	91.4	119.3
Gross profit percentage, excluding PPA related amortization(1)	24.1%	30.9%	29.0%
Amortization related to PPA	—	44.5	44.5
Gross profit including PPA related amortization	27.9	46.9	74.8
Gross profit percentage, including PPA related amortization	24.1%	15.9%	18.2%

APPENDIX D

CHARTER OF THE BOARD OF DIRECTORS

This Charter of the Board of Directors (the "**Charter**") was adopted by the board of directors (the "**Board**") of the Corporation on April 1, 2021.

1. Purpose

The purpose of this Charter is to set out the mandate and responsibilities of the Board of the Corporation. Pursuant to the *Business Corporations Act* (Ontario) (the "**Act**") governing the Corporation, the Board is responsible for managing or supervising the management of the business and affairs of the Corporation. By approving this Charter, the Board confirms its responsibility for the stewardship of the Corporation and its affairs. This stewardship function includes responsibility for the matters set out in this Charter. The responsibilities of the Board described herein are pursuant to, and subject to, the Act and the by-laws of the Corporation in effect from time to time and do not impose any additional responsibilities or liabilities on the directors at law or otherwise.

2. Composition

The Board (a) shall be constituted with a majority of individuals who qualify as "independent" within the meaning of National Policy 58-201 — *Corporate Governance Guidelines* ("**NP 58-201**") and who are resident Canadians, and (b) the Corporation's Chief Executive Officer shall be a member of the Board. If at any time a majority of the Corporation's directors are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any director who was an independent director within the meaning of NP 58-201, the remaining directors shall appoint a sufficient number of directors who qualify as "independent" to comply with this requirement at their earliest convenience. Pursuant to NP 58-201, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment.

At least annually, the Board shall, with the assistance of the Committees of the Board, determine: (i) the independence of each director based on the definition of independence contained in the listing standards of the TSX and NP 58-201; (ii) the independence of each Audit Committee member based on the definition of independence contained in National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"); (iii) the independence of each Compensation and Governance Committee member; and (iv) the "financial literacy" of each Audit Committee member based on the definition of financial literacy contained in NI 52-110.

If at any time the Chair of the Board is not independent, the Board shall appoint an independent director as a Lead Director and consider other possible steps and processes to ensure that independent leadership is provided for the Board.

3. Responsibilities of the Board of Directors

The Board is responsible for the stewardship and oversight of the Corporation and its business and in that regard shall be specifically responsible for:

(a) selecting from among its members a Chair and independent lead director if the Chair is not independent (the "**Lead Director**");

(b) appointing the Chief Executive Officer of the Corporation;

(c) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the organization;

(d) approving the long-term goals and the strategic and financial plans for the Corporation on an annual basis, while acting in the best interest of the Corporation, taking into account shareholders, wider stakeholders and social responsibilities and their implications for the Corporation's long term success;

(e) reviewing and approving an annual budget for the Corporation prepared by the Executive Management Team;

(f) supervising the activities and managing the investments and affairs of the Corporation;

(g) considering and approving all material decisions affecting the Corporation and its subsidiaries and controlled entities including all material acquisitions, dispositions, capital expenditures and debt financing;

(h) assessing the performance of the CEO, and, together with the CEO, the performance of the CFO, COO, General Counsel and such other members of senior management of the Corporation as the Board may from time to time determine (collectively, the "**Executive Management Group**") and ensuring that between them the directors of the Corporation have the necessary up-to-date experience, skills and capabilities;

(i) issuing shares and other securities of the Corporation for such consideration as the Board may deem appropriate, subject to the Act, and applicable securities laws and stock exchange rules;

(j) approving the re-purchase of securities of the Corporation, subject to the Act;

(k) understanding the principal risks of the business in which the Corporation is engaged, for achieving a proper balance between risks incurred and the potential return to shareholders, and for ensuring that there are systems in place which effectively monitor and manage those risks with a view of long-term viability of the Corporation;

(l) ensuring the integrity and adequacy of the Corporation's internal controls and management information systems;

(m) ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards;

(n) succession planning for the CEO and, together with the CEO, succession planning for the Executive Management Group;

(o) establishing committees of the Board where required or prudent, which shall be comprised entirely of independent directors (provided that a sufficient number of independent, qualified directors are available to sit on any such committee), and defining their mandates;

(p) maintaining records and providing reports to shareholders of the Corporation ("**Shareholders**");

(q) seeking to understand and meet Shareholder needs and expectations, in a manner consistent with their fiduciary duties;

(r) ensuring the Executive Management Group provides effective and adequate communication with Shareholders, other stakeholders and the public;

(s) determining the amount and timing of dividends and other distributions to Shareholders, if any;

(t) developing the Corporation's approach to corporate governance and evaluating the effectiveness of the Corporation's corporate governance;

(u) promoting a corporate culture that is based on ethical values and behaviours; and

(v) fulfilling such other duties and responsibilities as set out in the Act, and applicable securities laws and stock exchange rules.

It is recognized that every member of the Board in exercising powers and discharging duties must act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders. Directors must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, members of the Board are expected to carry out their duties in accordance with policies and regulations adopted by the Board from time to time.

It is expected that the members of the Executive Management Group will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Corporation and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

4. Expectations of Directors

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the proper conduct of the Board.

(a) ***Commitment and Attendance.*** All directors are expected to maintain a high attendance record at meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance.

(b) ***Preparation for Meetings.*** All directors are expected to review the materials circulated in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented. Directors are encouraged to contact the Chair of the Board, or, if one has been appointed, the Lead Director, and any other appropriate member of the Executive Management Group to ask questions and discuss agenda items prior to meetings.

(c) ***Participation in Meetings.*** Each director is expected to be sufficiently knowledgeable of the business of the Corporation, including its financial statements, and the risks it faces, to ensure active and effective, and candid and forthright participation in the deliberations of the Board and of each committee on which he or she serves.

(d) ***Loyalty, Ethics and Personal Conduct.*** In their roles as directors, all members of the Board owe a duty of loyalty to the Corporation. This duty of loyalty mandates that the best interests of the Corporation take precedence over any other interest possessed by a director. Directors are expected to: (i) exhibit high standards of personal integrity, honesty and loyalty to the Corporation; (ii) project a positive image of the Corporation to news media, the financial community, governments and their agencies, shareholders and employees; (iii) be willing to contribute extra efforts, from time to time, as may be necessary including, among other things, being willing to serve on committees of the Board; and (iv) disclose any potential conflict of interest that may arise with the affairs or business of the Corporation and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

(e) ***Other Board Memberships and Significant Activities.*** The Corporation values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Each member of the Board should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the member's time and availability for his or her commitment to the Corporation. Directors should advise the Chair before accepting membership on other public company boards or any audit committee or other significant committee assignment on any other board, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the member's relationship to the Corporation.

(f) ***Contact with Management and Employees.*** All members of the Board should be free to contact members of the Executive Management Group at any time to discuss any aspect of the Corporation's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of the Corporation. The Board expects that there will be frequent opportunities for members of the Board to meet with members of the Executive Management Group in meetings of the Board and committees, or in other formal or informal settings.

(g) ***Confidentiality.*** The proceedings and deliberations of the Board and its committees are confidential. Each member of the Board will maintain the confidentiality of information received in connection with his or her service as a director.

5. Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results and one meeting prior to the issuance of the annual financial results of the Corporation. The Board shall meet periodically without members of the Executive Management Group present to ensure that the Board functions independent of management of the Corporation. At each Board meeting, unless otherwise determined by the Board, an *in camera* meeting of independent directors will take place, which session will be chaired by the Chair of the Board or Lead Director if the Chair is not independent within the meaning of NP 58-201. Any of the Chair, Chief Executive Officer (if he or she is a director), or Lead Director may call and provide formal notice of a directors meeting, provided it is done in consultation with the other members of such group.

In discharging its mandate, the Board and any committee of the Board will have the authority to retain and receive advice from outside financial, legal or other advisors (at the cost of the Corporation) as the Board or any such committee determines to be necessary to permit it to carry out its duties.

The Board appreciates having certain members of the Executive Management Group attend each Board meeting to provide information and opinion to assist the members of the Board in their deliberations. Executive Management Group attendees who are not Board members will be excused for any agenda items which are reserved for discussion among directors only.

6. Board Meeting Agendas and Information

The Chief Executive Officer, subject to input and approval from the Chair and, if one has been appointed, the Lead Director, and input from the other directors as needed, will develop the agenda for each Board meeting. Agendas will be distributed to the members of the Board before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting by members of the Executive Management Group. Reports may be presented during the meeting by members of the Board, Executive Management Group and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

7. Telephone Board Meetings

A director may participate in a meeting of the Board or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, from time to time, telephone board meetings may be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, the Executive Management Group may request the directors to approve certain matters by unanimous written consent.

8. Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Corporation shall provide for a mechanism for feedback of Shareholders.

9. Expectations of the Executive Management Group

The Executive Management Group shall be required to report to the Board at the request of the Board on the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, Executive Management Group concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects the Executive Management Group to promptly report to the Chair or Lead Director (as applicable) any significant developments, changes, transactions or proposals respecting the Corporation or its subsidiaries.

10. Communications Policy

The Board shall approve the content of the Corporation's major communications to Shareholders and, if applicable, the investing public including any Annual Report, Management Information Circular, Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including, if applicable, the Management's Discussion & Analysis). The Board also has responsibility for monitoring all of the Corporation's external communications. However, the Board believes that it is the function of the Executive Management Group to speak for the Corporation in its communications with the investment community, the media, clients, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the Corporation's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Corporation in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Corporation's policies relating to communication and disclosure on an annual basis.

Generally, communications from Shareholders and, if applicable, the investment community will be directed to a members of the Executive Management Group, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to any individual members of the Board, that a member of the Executive Management Group will be informed, if appropriate and consulted to determine any appropriate response.

11. Internal Control and Management Information Systems

The Board has oversight for the integrity of the Corporation's internal control and management information systems. All material matters relating to the Corporation and its business require the prior approval of the Board, subject to the Board's ability to delegate such matters to, among others, the Corporation's Audit Committee, Compensation and Governance Committee, and the Executive Management Group. The Executive Management Group is authorized to act, without Board approval, on all ordinary course matters relating to the Corporation's business.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though the Executive Management Group may be charged with developing and implementing the necessary procedures.

12. Delegation of Powers

The directors may establish one or more committees and may, subject to the Act and other applicable laws, delegate to such committees any of the powers of the Board. The directors may also, subject to the Act and other applicable laws, delegate powers to manage the business and affairs of the Corporation to such of the officers of the Corporation as they, in their sole and absolute discretion, may deem necessary or desirable to appoint, and define the scope of and manner in which such powers will be exercised by such persons as they may deem appropriate.

The Board retains responsibility for oversight of any matters delegated to any director(s) or any committee of the Board, to the Executive Management Group or to other persons.

13. Board Effectiveness

The Board shall review and, if determined appropriate, approve the recommendations of the applicable committee of the Board, if any, concerning formal position descriptions for the Chair of the Board and Lead Director, if any, and for each committee of the Board, and for the Chief Executive Officer, provided that in approving a position description for the Chief Executive Officer, the Board shall consider the input of the Chief Executive Officer and shall develop and approve corporate goals and objectives that the Chief Executive Officer is responsible for meeting (which may include goals and objectives relevant to the Chief Executive Officer's compensation, as recommended by the applicable committee of the Board, if any).

The Board shall review and, if determined appropriate, adopt a process recommended by the applicable committee of the Board, if any, for reviewing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors on an annual basis.

14. Inconsistencies with Applicable Laws

In the event of any conflict or inconsistency between this Charter and the provisions of the Act or other applicable laws, in each case as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of the Act or such other applicable laws to the extent necessary to resolve such conflict or inconsistency.

APPENDIX E

CHARTER OF THE AUDIT COMMITTEE

This Charter of the Audit Committee (the "**Charter**") was adopted by the board of directors of the Corporation on April 1, 2021.

1. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of the Corporation. The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

The Committee should be comprised of a minimum of three directors of the Corporation.

All members of the Committee must (except to the extent permitted by NI 52-110 — *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**")) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries.

All members of the Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).

Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations made by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel and such other members of senior management of the Corporation as the Board may from time to time determine (collectively, the "**Executive Management Group**") as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by a member of the Executive Management Group or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. <u>Meetings</u>

The Committee shall meet regularly, but not less frequently than quarterly. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of the Executive Management Group and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with the Executive Management Group, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with the Executive Management Group and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with the Executive Management Group quarterly in connection with the Corporation's interim financial statements. The Committee shall hold executive sessions without management present at each Committee meeting.

The Chair will determine any desired agenda items.

5. <u>Committee Activities</u>

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Financial Disclosure

(a) Review and recommend for Board approval the Corporation's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and, if applicable, the related management's discussion & analysis and press release.

(b) Review and recommend for Board approval the Corporation's annual financial statements, including, if applicable, any certification, report, opinion or review rendered by the external auditor, the annual information form and the related management's discussion & analysis and press release.

(c) Review and recommend for Board approval any other material press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires.

(d) Satisfy itself that adequate procedures have been put in place by the Executive Management Group for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related management's discussion & analysis.

(e) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(f) Receive periodically reports from the Executive Management Group assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

B. Internal Control and Oversight of the Corporation's Financial Risk Management

(a) Review, monitor, report and, where appropriate, provide recommendations to the Board on the

Corporation's major financial risk exposures and the guidelines, policies and practices regarding financial risk assessment and financial risk management including the following:

(i) the Corporation's processes for identifying, assessing and managing financial risks; and

(ii) the Corporation's major financial risks, including derivative and tax risks, and the steps the Corporation has taken to monitor and control such risk exposures.

(b) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding financial risk assessment and financial risk management and the Corporation's progress in remedying any material deficiencies thereto.

(c) Review the effectiveness of the internal control systems for monitoring compliance with financial disclosure matters, financial risk management, laws and regulations.

(d) Review with the Executive Management Group the credit worthiness, liquidity and important treasury matters including financial plans and strategies of the Corporation.

(e) Review the Corporation's tax strategy, including its tax planning and compliance with applicable tax laws.

(f) Review with the Executive Management Group any hedging strategy that may be in place from time to time, including with respect to foreign exchange and interest rate hedging, financial or physical, intended to manage, mitigate or eliminate risks relation to foreign exchange and interest rate fluctuations.

(g) Have the authority to communicate directly with the Chief Financial Officer.

(h) Receive periodical Executive Management Group reports assessing the adequacy and effectiveness of the Corporation's internal control systems.

(i) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with the Executive Management Group, the Chief Financial Officer and the external auditors and assess whether recommendations made by the Chief Financial Officer or the external auditors have been implemented by the Executive Management Group.

C. Relationship with the External Auditor

(a) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(b) Have the authority to communicate directly with the external auditor and the Chief Financial Officer of the Corporation and arrange for the external auditor to be available to the Committee and the Board as needed.

(c) Advise the external auditor that it is required to report to the Committee and not to the Executive Management Group.

(d) Monitor the relationship between the Executive Management Group and the external auditor, including reviewing any the Executive Management Group letters or other reports of the external auditor, discussing any material differences of opinion between the Executive Management Group and the external auditor and resolving disagreements between the external auditor and the Executive Management Group.

(e) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Corporation's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

(f) Review any material issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Corporation's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements.

(g) If considered appropriate, establish separate systems of reporting to the Committee by each of the Executive Management Group and the external auditor.

(h) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, the Executive Management Group, the external asset manager or employees that might interfere with the independence of the external auditor.

(i) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable laws) to be provided by the external auditor.

(j) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(k) Periodically consult with the external auditor without the Executive Management Group present about (i) any significant risks or exposures facing the Corporation, (ii) internal controls and other steps that the Executive Management Group has taken to control such risks, and (iii) the fullness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(l) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation.

D. Audit Process

(a) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(b) Following completion of the annual audit and quarterly reviews, review separately with each of the Executive Management Group and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(c) Review any significant disagreements among the Executive Management Group and the external auditor in connection with the preparation of the financial statements.

(d) Where there are significant unsettled issues between the Executive Management Group and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(e) Review with the external auditor and the Executive Management Group significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(f) If applicable, review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Processes

(a) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(b) Periodically consider the need for an internal audit function, if not present.

(c) Approve any changes to the internal auditor, if applicable, or to the reporting lines of the internal auditor.

(d) Review all material financial statement issues, off balance sheet issues, material contingent obligations and material related party transactions.

(e) Review with the Executive Management Group and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with the Executive Management Group, the ramification of their use and the external auditor's preferred treatment and any other material communications with the Executive Management Group with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

6. <u>General</u>

(a) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(b) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.

(c) Annually review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

(d) If applicable, review the public disclosure regarding the Committee required from time to time by NI 52-110.

(e) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(f) Review in advance, and consult in, the hiring and appointment of the Corporation's internal auditor, if applicable.

(g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

7. <u>Complaint Procedures</u>

(a) Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing, ethical or other matters.

(b) Complaints are to be directed to the attention of the Chair and the Chair will report to the Committee quarterly on any complaints received and their resolution.

(c) The Committee should endeavour to keep the identity of the complainant confidential.

(d) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.

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