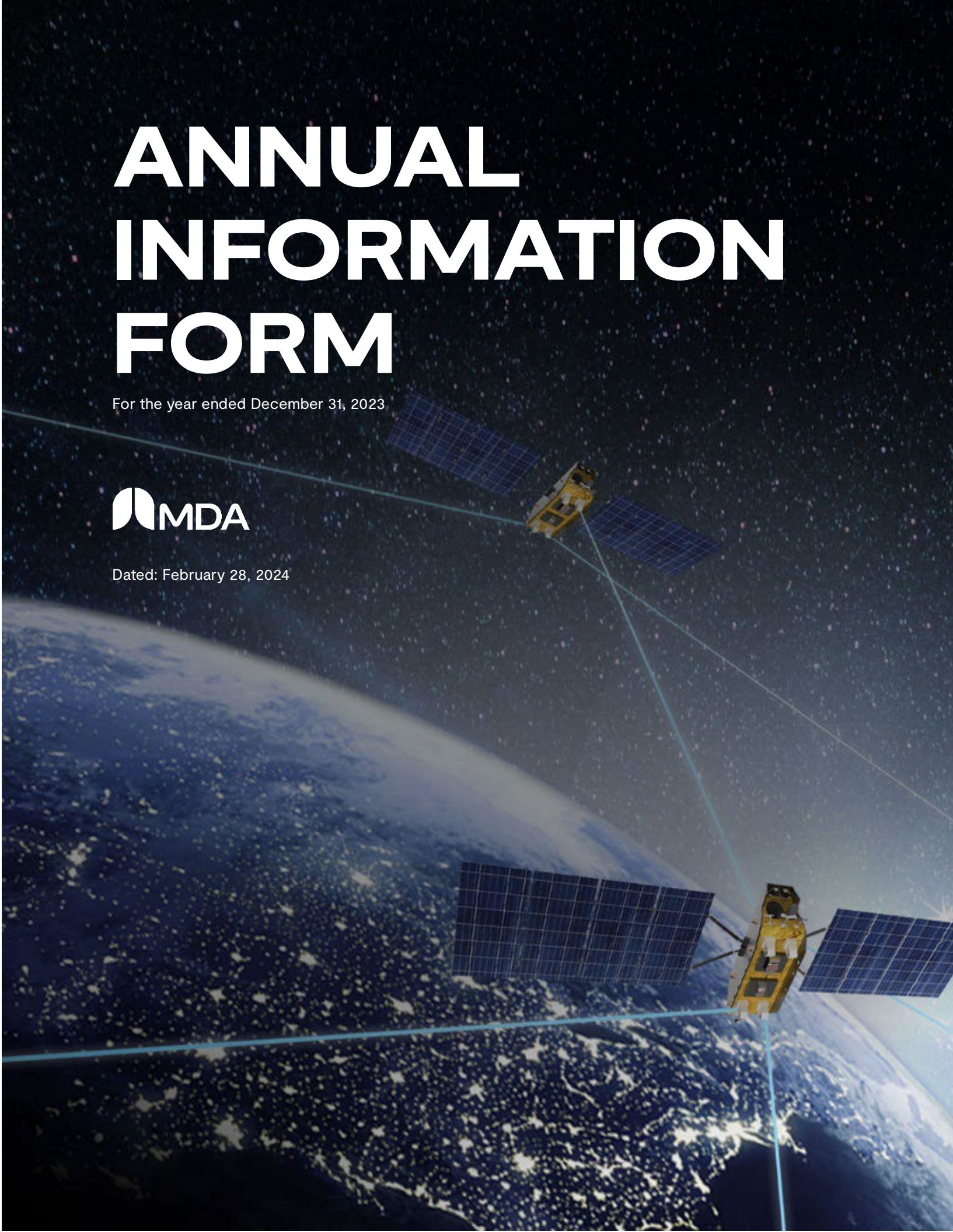


# ANNUAL INFORMATION FORM

For the year ended December 31, 2023



Dated: February 28, 2024



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# Introduction

## GENERAL

In this Annual Information Form (the “AIF”), unless the context otherwise requires, “MDA”, the “Company”, “we”, “us” or “our” refers to MDA Ltd., its subsidiaries and divisions and their respective predecessors. For an explanation of the capitalized terms and expressions, please refer to the “Glossary of Terms” at the end of this AIF. All references to “dollars” and “\$” are to Canadian dollars. Unless otherwise indicated, the information contained herein is given as at December 31, 2023.

## FORWARD-LOOKING INFORMATION

This AIF contains “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking information**”) within the meaning of applicable Canadian securities laws. 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. MDA has based statements containing 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. This forward-looking information includes, among other things, statements relating to our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects, financial targets or outlook, intentions, opportunities and the markets in which we operate, is forward-looking information.

Statements containing forward-looking information are based on certain assumptions and analyses made by MDA in light of management’s experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable as of the date of this AIF, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, readers should not place undue reliance on the forward-looking information. Whether actual results, performance or achievements will conform to MDA’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, but not limited to, those listed in this AIF under “Risk Factors”, which factors should not be considered exhaustive and should be read together with the other cautionary statements in our disclosure documents.

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 MDA bases the forward-looking information on assumptions that we believe are reasonable when made, MDA cautions readers that statements containing forward-looking information are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking information contained in this AIF. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking information contained in this AIF, 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 AIF speaks only as of the date of such statement, and MDA 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.

# Corporate Structure

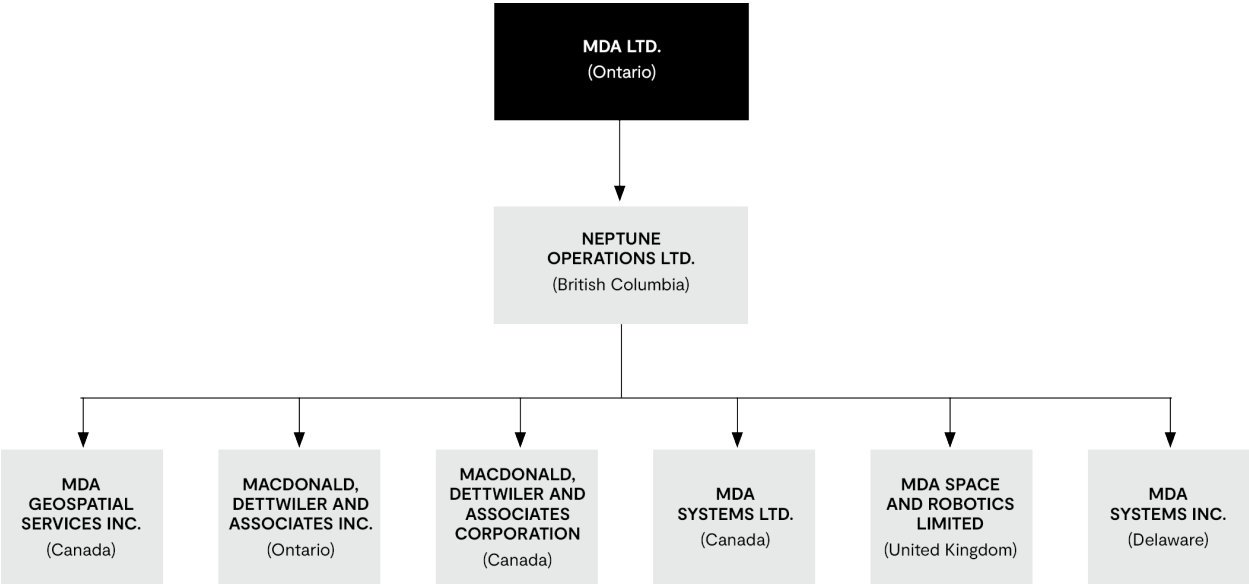
## NAME, ADDRESS AND INCORPORATION

MDA is a corporation incorporated under the *Business Corporations Act* (Ontario) (the “OBCA”) on June 2, 2020. On March 19, 2021, MDA’s articles were amended to change MDA’s name from “Neptune Acquisition Holdings Inc.” to “MDA Ltd.”. On April 6, 2021, MDA and 2828330 Ontario Inc., a corporation incorporated under the OBCA, were amalgamated under the OBCA as part of certain transactions undertaken in connection with the closing of the IPO (as defined below).

MDA’s head and registered office is located at 9445 Airport Road, Brampton, Ontario, Canada, L6S 4J3.

## INTERCORPORATE RELATIONSHIPS

The following chart identifies our material subsidiaries (including jurisdiction of formation or incorporation of the various entities) as of the date of this AIF. All subsidiaries are wholly-owned, directly, by MDA unless otherwise stated.



## Recent Developments

**FEBRUARY 2024** MDA received a \$74 million contract from General Atomics Aeronautical Systems, Inc. (GA-ASI) to help deliver the fleet of MQ-9B SkyGuardian Remotely Piloted Aircraft Systems (RPAS) recently ordered by the Canadian Armed Forces.

## General Development of the Business

The following is a description of certain of our material developments over the last three financial years:

### CONTRACT AWARDS AND PARTNERSHIPS

**NOVEMBER 2023** MDA announced a US\$180 million Authorization to Proceed contract to begin work on a new Non-Geostationary Orbit (“**NGSO**”) constellation as prime contractor. The full constellation, valued at a minimum of US\$750 million, is expected to include a minimum of 36 MDA software-defined digital satellites. The definitive contract for the full constellation is expected in 2024, subject to contract finalization.

**AUGUST 2023** MDA was selected as prime satellite contractor for Telesat’s revolutionary low Earth orbit (“**LEO**”) satellite constellation, Telesat Lightspeed. The contract, valued at approximately \$2.1 billion, is the largest in MDA’s history and includes the design, manufacture, assembly and test of 198 satellites with options for Telesat to purchase up to 100 additional satellites.

**JUNE 2023** MDA was awarded a Government of Canada contract to help in the fight against illegal, unregulated, and unreported fishing in the Indo-Pacific region.

**JUNE 2023** MDA was selected by L3Harris Technologies as part of the U.S Department of Defense Space Development Agency’s (“**SDA**”) Tranche 1 Tracking Layer program. MDA will design and build 14 flight sets of Ka-Band steerable antennas and control electronics for LEO satellites.

**MAY 2023** MDA announced that it is working with Thoth Technology Inc. to create a made-in-Canada deep space radar surveillance and space domain awareness capability.

**FEBRUARY 2023** MDA secured a new contract to supply Ka-Band Multibeam Antennas for Argentina’s ARSAT-SG1 satellite to provide high-speed internet and digital video and voice services across the country and to Bolivia, Paraguay and Chile.

**SEPTEMBER 2022** MDA completed its second commercial sale of products derived from Canadarm3 technology to Axiom Space for the delivery of 62 payload interface pairs for the Axiom Station. The sale sets the stage for further opportunities in advance of the planned launch of the Axiom Station, which is expected to be one of the world’s first commercial space stations.

<b>SEPTEMBER 2022</b>	MDA was selected by Airbus OneWeb Satellites, LLC (“ <b>AOS</b> ”) to design and build Ka-Band steerable antennas. The MDA antennas will be integrated into the portfolio of Arrow commercial small satellites manufactured by AOS. AOS is producing satellites for Airbus U.S. Space & Defense, Inc., in support of U.S. government programs.
<b>JULY 2022</b>	MDA was awarded a contract from York Space Systems. MDA will design and build Ka-Band steerable antennas for satellites to be produced by York Space Systems as part of a space security program. The antennas will be built, assembled and tested at MDA's state-of-the-art high volume satellite production facility in Montreal.
<b>JUNE 2022</b>	MDA was awarded a contract from Lockheed Martin as part of SDA's Tranche 1 Transport Layer program. MDA will design and build antennas and antenna control electronics for LEO satellites.
<b>MAY 2022</b>	MDA completed the first commercial sale of its products derived from Canadarm3 technology to Axiom Space. The contract includes the delivery of 32 external robotic interfaces for the Axiom Station.
<b>APRIL 2022</b>	MDA joined Lockheed Martin and General Motors on next generation lunar rover development. MDA will integrate its commercial robotic arm technology into human-rated lunar mobility vehicles.
<b>MARCH 2022</b>	MDA was awarded a \$269 million contract by the Canadian Space Agency (the “ <b>CSA</b> ”) for the Phase B preliminary design of the Canadarm3 robotics system that will be used aboard the Gateway. The Gateway is a major, multi-year international collaboration led by NASA to establish a sustainable space station in lunar orbit to support human and robotic missions to the surface of the Moon.
<b>FEBRUARY 2022</b>	MDA was selected as prime contractor for Globalstar Inc.'s (“ <b>Globalstar</b> ”) new LEO constellation. The contract, valued at US\$327 million (approximately C\$415 million), includes the design, manufacture, assembly and test of 17 satellites, with options for Globalstar to purchase up to nine additional satellites.
<b>JANUARY 2022</b>	MDA was awarded a contract with an undisclosed US-based space company for a key landing sensor for a 2023 mission to the Moon.
<b>SEPTEMBER 2021</b>	MDA was awarded a contract from Mitsubishi Electric Corporation in Japan to provide a Laser Rangefinder altimeter for the JAXA (Japan Aerospace Exploration Agency) MMX (Martian Moons eXploration) mission.
<b>AUGUST 2021</b>	MDA entered into an agreement with Intuitive Machines, LLC to provide lunar landing sensors to support its upcoming IM-1 and IM-2 missions. As a result, MDA landing sensors will support one of the first soft landing U.S. missions to the Moon since 1972.

**JULY 2021** MDA was awarded a \$35 million contract from the CSA for the design of Gateway External Robotics Interfaces, a key component of Canadarm3 which will be installed on the Gateway. This contract was the third awarded to MDA in conjunction with its Canadarm3 program.

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**FEBRUARY 2021** MDA was awarded a contract with the Government of Canada Department of Fisheries and Oceans and Defence Research and Development Canada to use satellite technology to detect vessels engaging in illegal, unreported and unregulated fishing.

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**FEBRUARY 2021** MDA was awarded a first production contract from Lockheed Martin Canada for the Canadian Surface Combatant Program (“**CSC**”) project.

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**FEBRUARY 2021** MDA announced that it has been awarded a contract by the CSA to provide satellite flight operations and data management services for the CSA’s Earth observation (“**EO**”) and space situational awareness satellite missions.

## **CORPORATE TRANSACTIONS**

**OCTOBER 2023** MDA acquired SatixFy Space Systems UK Ltd. (“**SSS**”), the digital payload division of SatixFy Communications Ltd. The division, which will be integrated into MDA’s UK operations, will accelerate MDA’s market expansion in the UK and adds strategic in-country capability to produce satellite payloads.

## **FINANCIAL INITIATIVES**

**MAY 2022** MDA exercised its option for early redemption of \$150 million of second lien notes.

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**APRIL 2021** MDA completed its initial public offering (the “**IPO**”) of its common shares (the “**Common Shares**”), following which the Common Shares began trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “MDA”. At closing of the IPO, MDA issued 28,571,500 Common Shares at a price of \$14.00 per Common Share for total gross proceeds of \$400 million. On April 14, 2021, MDA closed on the full exercise of the over-allotment option granted in connection with the IPO, issuing an additional 4,285,725 Common Shares for additional proceeds of \$60 million to the company.

## **PROGRAM AND OPERATIONAL UPDATES**

**NOVEMBER 2023** MDA announced plans for a strategic expansion in the UK, including doubling our UK-based workforce and operational footprint, to support both the domestic UK space market and the growing global space economy.

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**OCTOBER 2023** MDA announced that it has selected SpaceX to launch MDA’s CHORUS constellation in the Q4 2025 launch window.

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**SEPTEMBER 2023** MDA announced details of its new software-defined satellites designed to target operator pain points with digital solutions.

<b>MARCH 2022</b>	MDA announced details of its new global headquarters and Space Robotics Centre of Excellence in Brampton, Ontario. The new facilities support our ongoing growth and lay the groundwork for long-term success in the evolving commercial space robotics market.
<b>DECEMBER 2021</b>	MDA entered into an agreement for ICEYE to supply an X-band Synthetic Aperture Radar (“ <b>SAR</b> ”) spacecraft for CHORUS™, which is MDA’s next generation commercial EO constellation.
<b>DECEMBER 2021</b>	MDA announced CHORUS™ as the name of its next generation market-leading commercial EO mission announced in September 2021. The multi-sensor constellation will include C-band and X-band SAR capabilities.
<b>SEPTEMBER 2021</b>	MDA released first details of its next generation commercial EO mission, leveraging legendary RADARSAT heritage.

## Description of the Business

### OVERVIEW

MDA is a trusted mission partner of leading edge space missions across the rapidly expanding global space economy. Our recognized engineering capabilities, portfolio of space technologies, and space mission expertise makes us a trusted partner of choice for a broad range of customers worldwide. We leverage our capabilities to enable leading edge space exploration and infrastructure, space based communication, and both earth and space observation missions. In an era where industries, technologies, people, and places are impacted every day by space technology, MDA’s mission is to build the space between proven and possible and to power the space economy with our trusted and tested solutions. Our space technology solutions and services enable governments and businesses to develop and operate critical space infrastructure used for exploration and space-based science and research, to develop and operate space based communications to support our hyper-connected world, and to monitor global activities including climate change, forest fires, and detection of oil spills. Our technologies and solutions are also deployed for defence and intelligence applications and space observation missions.

MDA has three business areas: Geointelligence, Robotics & Space Operations, and Satellite Systems. Our diversified portfolio of solutions serves many sectors of the space economy and positions our customers to achieve mission success. We are differentiated by factors including:

- our long track record of mission success and innovation in space spanning over 50 plus years;
- our success rate, partnering on over 450 space missions with close to 100% success rate;
- our global reach, with significant customer base in Canada and the United States and expanding customer base in the UK and other markets;
- our profitable operations;
- the breadth and diversity of our customer relationships, with a balanced government and commercial customer base;
- our experienced team of approximately 3,000 staff, including experienced space engineers, scientists, technicians, business and space industry leaders with approximately 1,440 engineers averaging over eight years of tenure with MDA;



- consistent investment in research and development (“R&D”) and innovation, with MDA ranked in the top 35 corporate R&D investors in Canada;
- some of the most advanced equipment and resources in the industry; and
- MDA’s portfolio of successful projects, technologies, and patents.

In Geointelligence, we partner with customers to develop and operate EO and space observation missions, as well as providing key products in the areas of EO ground stations, maritime domain awareness software platforms, and multi-sensor fusion-based analytics products and services. All of these activities serve a wide range of use cases, including in the areas of national security, climate change monitoring, and maritime surveillance. In Robotics & Space Operations, we partner on space infrastructure missions to facilitate the exploration and development of space. We provide autonomous robotics and rover solutions along with proximity operation sensors that are used to operate in orbit and on the surface of the Moon and Mars, as well as operational services to plan, support and operate these remote missions. In Satellite Systems, we partner on space communication missions across LEO, medium Earth orbit (“MEO”), and geosynchronous equatorial orbit (“GEO”), in addition to providing communication systems for human rated spacecraft. These missions span a growing number of applications including broadband access, Direct-to-Device satellite communication, and Internet of Things (“IoT”) connectivity across the full communication frequency spectrum.

MDA’s established position as a trusted mission partner is attributable to our investment in our people as well as our broad suite of technology and full lifecycle services. MDA’s employee base includes elite space engineers, scientists, technicians, business and industry leaders. We work collaboratively with our customers in the early engineering phases of product development and provide services throughout a mission’s life, including engineering, manufacturing, integration, mission operation, and ongoing maintenance services, enabling valuable customer intimacy that drives repeat revenue opportunities.

Our market position allows us to serve a broad range of customers, including governments and space agencies, defence and aerospace prime contractors serving the space industry, as well as emerging space companies. Our long and proven track record in Canada enables us to compete successfully for major Canadian space projects and to grow our international customer base. As an independent supplier of space technology products, we are also able to pursue a larger set of opportunities with U.S. prime contractors, which we believe can meaningfully enhance our revenue potential from U.S. government space programs.

## **INDUSTRY OVERVIEW AND TRENDS**

All over the world, governments and corporations are finding new and valuable ways of using the capabilities of space to make the world a safer, healthier and more connected place. The benefits of space-based solutions are expected to grow significantly in the coming years, driven by continuous government and commercial investment in the increasing capabilities enabled by a burgeoning space economy.

The space economy reached US\$509 billion in 2023 and is expected to exceed US\$1.5 trillion by 2040.<sup>1</sup> This growth is expected to be driven by ongoing commercial and government investments in space, which reflects the importance of space in an increasingly global, sophisticated, and data-driven world. Investments in space are presenting themselves in multiple forms, including a growing number of planned satellite launches globally, new and critical applications for real-time EO data, new space exploration and infrastructure missions, space-based defence infrastructure to secure national interests, and the unprecedented connectivity made possible by space-based communication technology. Advances in the development of materials, processes and capabilities tailored for space are increasing the space sector’s strategic value to broad set of users. Space innovation is transforming industries from communication

<sup>1</sup> Source: Space Economy Report, 10<sup>th</sup> edition, Euroconsult, December 2023

and technology to agriculture, transportation, healthcare and tourism, and providing new tools and options for government and commercial organizations to meet their evolving technology and business needs.

### **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 spacecraft into LEO was US\$18,500 per kilogram. Today, launching a spacecraft is 10 times cheaper than it was a decade ago and is expected to continue to fall to US\$200 per kilogram. Additionally, the development of small satellites with new digital technologies and advanced capabilities has resulted in significant performance improvement and cost reduction. This 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, and space tourism.

### **Space is Enabling Global Connectivity**

We live in an increasingly interconnected and data-dependent world with data usage expected to grow as available bandwidth expands to enable universal connectivity and next generation technologies. Internet access and global broadband connectivity are fundamental to participation in today's world and are critical pillars for socioeconomic development. Broadband Internet connectivity is estimated to have grown from 51% of the global population in 2019 to 67% of the population in 2023, and the Broadband Commission for Sustainable Development expects the metric to reach 75% of the global population by 2025.

Satellites represent one of the most efficient methods to support universal connectivity and provide a complimentary capability to enhance the offerings of traditional terrestrial broadband providers. The proliferation of satellite constellations is expected to drive the majority of new satellite capacity. Operators such as OneWeb, Telesat, SpaceX and Amazon are collectively expected to deploy over 14,000 satellites for their constellations this decade. As of January 2024, it is estimated that there are more than 8,300 active satellites orbiting the Earth, 84% of which are in LEO.<sup>2</sup> Euroconsult estimates that more than 28,000 satellites will be launched between 2023 and 2032. These communication constellations are critical to supporting global connectivity needs and enabling next generation technologies, including IoT applications, connected vehicles, and 5G communications.

### **Earth Observation is Critical to Improving Global Sustainability and Economic Productivity**

EO uses data from space to answer questions about conditions on Earth. Euroconsult estimates that the global market for EO data and services will reach US\$7.6 billion by 2032, growing from US\$4.65 billion in 2022. EO plays a critical role in ensuring public safety in remote areas by enabling search and rescue missions. It allows governments and institutions to achieve sustainability objectives, including the monitoring of illegal fishing activity, ocean pollution and oil spill detection, deforestation and dumping, and tracking pollution, shoreline patterns and arctic ice levels. Of the 50 Essential Climate Variables identified by the World Meteorological Organization to monitor climate change, 26 variables can only be effectively observed from space.

EO is also becoming an increasingly important driver of economic productivity across a broad range of sectors. Agricultural industries use EO data and analytics to monitor crop conditions, estimate yields and optimize production and cost. Providers of critical infrastructure use EO technology to monitor remote assets, plan new installations and predict requirements for future expansion. Global commercial and trade organizations use EO analytics to make informed decisions related to economic activity, increased supply chain visibility and the assessment of various market dynamics. As demand for EO data grows, analytics

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<sup>2</sup> Source: How Many Satellites are in Space?, Nano Avionics, January, 2024

services are becoming increasingly important for synthesizing data and producing actionable insights to support decision-making.

### **Robotics and On-Orbit Infrastructure is Critical to the expanding Earth to Moon Economy and Future of Space**

Utilizing robotics and on-orbit solutions to keep satellites and other space infrastructure operating efficiently will be critical to enabling the growth of the new space economy. Autonomous robotics are expected to drive on-orbit applications, including in-space servicing, assembly and manufacturing (“ISAM”), satellite refueling, repositioning, repair, and de-orbiting services, with a view to reducing costs and improving safety and mission continuity. The European Space Agency and the United Nations Office for Outer Space Affairs estimate there are approximately 36,500 pieces of space debris larger than a softball (10 cm) in space. 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, artificial intelligence and systems miniaturization will support the growth of in-space manufacturing and assembly capabilities. The ability to construct, reconfigure and repair spacecraft while in space will enable longer space missions with greater flexibility. The rapid emergence of an in-space economy is expected to drive demand for these on-orbit servicing solutions and in-space manufacturing capabilities.

### **Space is Critical to National Security**

Space is now a critical and established military domain complementing the traditional fields of air, land, and sea. Space-based assets are employed in a broad range of essential military applications and operations including communications, intelligence and surveillance, missile warning and tracking, and navigation.

Several countries 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 governments are increasing military funding for space-based initiatives and creating independent space commands to reinforce national security priorities. The global defence community spent US\$59 billion on space programs in 2023, a 23% increase from 2022 spending, according to Euroconsult. Defence expenditures now surpass investments in civil programs, a historic first for the sector.

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 assets. Governments are leveraging the capabilities of commercial space companies to innovate and deliver cost-effective solutions to enable this small satellite constellation strategy.

### **Space Exploration is Becoming Interplanetary**

Space has become a truly borderless frontier, with approximately 90 countries investing in the space sector and approximately 75 countries that already have some form of national space agency. The number of space exploration missions is expected to increase by 220% to 750 missions over the next decade as countries pursue manned lunar and Martian missions and other deep space exploration.

Government funding for space exploration is projected to increase from less than US\$26 billion in 2023 to US\$33 billion by 2032.<sup>3</sup> The moon is the fastest-growing area of sustained investment by governments

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<sup>3</sup> Source: Lunar ambitions boost space exploration funding as investment set to reach 33 billion by 2032, Euroconsult, October 2, 2023

engaged in space exploration with Euroconsult estimating that there will be over 230 lunar missions over the next decade. The increasing frequency of lunar missions will be driven by a diverse number of countries, with 36 countries now signed on to the Artemis Accords as of February 2024. Martian exploration is also on the rise.

## BUSINESS AREA DESCRIPTIONS

MDA offers solutions and capabilities to meet global market demand through three business areas:

### Geointelligence

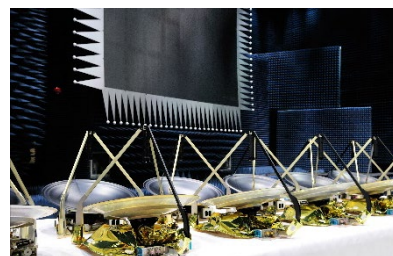
24% of 2023 Revenue  
30% of 2022 Revenue

### Robotics & Space Operations

31% of 2023 Revenue  
30% of 2022 Revenue

### Satellite Systems

45% of 2023 Revenue  
40% of 2022 Revenue



### Geointelligence

As a Geointelligence mission partner, we are an owner, operator, and prime contractor for both EO and space observation missions, in addition to providing key technologies and products. We also 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 maritime surveillance.

Our Geointelligence business is a leader in SAR EO missions, which we both own and operate ourselves as well as deliver to customers and operate for them. We have designed and built three generations of SAR satellites (RADARSAT-1, RADARSAT-2, and the RADARSAT Constellation Mission). We also specialize in space observation satellites including the Sapphire mission that MDA developed and delivered to Canada's Department of National Defence. Following delivery of observation missions to customers, MDA is regularly entrusted to operate those missions for customers with MDA currently operating over 80% of the Canadian government's observation satellites.

A key enabling product suite in EO is our full range of multi-satellite ground stations that receive, process, distribute, archive, and exploit imagery from RADARSAT-2, MDA's own commercial EO satellite, as well as other satellites. We have installed more than 70 receiving ground stations in more than 25 different countries, which have processed data from over 20 different satellites.

Our EO business includes the collection, processing and dissemination of earth imagery data from space. As the operator and owner of global commercial data distribution for the RADARSAT-2 satellite, we are one of the largest radar information providers worldwide. Our extensive data archive is comprised of approximately 90 billion square kilometers of Earth imagery data and more than one million images of Earth. We also distribute high resolution optical imagery, satellite-based Automatic Identification System (AIS) data, and Radio-Frequency (RF) data from many other third party missions. Our analytics based information products regularly fuse these different sensor types into the information our customers require. As a result, 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.

The largest market for our EO data and services today is maritime surveillance, where governments and commercial organizations rely on us for real-time data. The data is used 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 provider of these mission critical data and services for over 25 years and we play an integral role in our customers' surveillance strategies. We have also developed the Maritime Insights analytics platform that provides users with a software to monitor maritime areas of interest through the fusion and display of multiple sensor inputs.

We also provide a number of defence information solutions, including command and control systems and airborne surveillance solutions, for which we are the original solution provider of many of these systems. Part of our offerings include advanced aeronautical navigation information solutions that increase safety and efficiency of aircraft landings and departures. We also operate a long endurance unmanned aerial vehicle (“UAV”) surveillance service that provides real-time, multi-sensor intelligence to support critical operations.

As we expand the Geointelligence business, we are currently developing CHORUS, a next-generation radar satellite constellation that will provide data continuity for RADARSAT-2 and is expected to expand our EO solutions offering. CHORUS will fuse data from multiple sensors and will leverage artificial intelligence in order to manage larger volumes of data and provide enhanced analytics services. CHORUS is expected to operate in an inclined LEO, which will permit frequent imaging day or night and in all weather conditions over the areas of most interest to our customers. The mission is expected to include significant innovations that result in improved access, better revisit, broader swath coverage, lower noise, less data compression, faster data rates, high-resolution and tip-and-cue capabilities. The CHORUS constellation will include a powerful C-band SAR satellite that will provide broad area coverage in concert with a smaller trailing X-band SAR satellite for higher resolution data collection and near real-time cross-cueing. CHORUS will include a cloud-based ground station solution as a next-generation offering.

Our principal customers in our Geointelligence business are Canadian, U.S. and international government agencies (primarily defence and intelligence agencies) as well as a wide variety of commercial customers in multiple markets.

### **Robotics & Space Operations**

In Robotics & Space Operations, we partner with customers in critical, leading edge, space infrastructure missions. MDA enables the exploration and development of space infrastructure by providing autonomous robotics and sensors used to operate in space and on the surfaces of the Moon and Mars. MDA is the world leader in space-based robotics including over 100 space shuttle missions, assembly of the International Space Station (“ISS”), life-cycle operation of the ISS and our rover technology on Mars. The space infrastructure missions we partner on span broad space applications, including space station operations, ISAM, and the emerging markets of space tourism and space mining. Our differentiated capabilities include robotic systems, robotic interfaces, tooling, robotic ground control stations and operations services, electro-optic and light detection and ranging (“LiDAR”) sensors, vision and targeting systems, guidance, navigation and control subsystems and planetary rover locomotion subsystems. Our LiDAR sensors are critical to proximity operations supporting mission elements such as rendezvous, docking, inspection, and landing activities as part of on-orbit and planetary missions.

We are also developing commercial space robotic solutions that serve the evolving needs of the new space market. Our products and services support logistics delivery, satellite servicing, debris removal, asset relocation, and infrastructure maintenance. Through focused investment in R&D, we have developed integrated space robotic systems, technologies, interfaces, tools, operational techniques and control algorithms to enable on-orbit servicing solutions for commercial space businesses. We have completed multiple commercial sales of products derived from Canadarm3 technology to Axiom Space for the delivery of payload interface pairs for the Axiom Station, which is expected to be one of the world's first commercial space stations.



Demand for space robotics and mission-support services is primarily driven by increasing activity in LEO and lunar and deep space exploration, all of which are expected to expand with the introduction of new commercial space stations and commercial planetary missions in the coming years. 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. Our long history in space robotics includes development of the Canadarm for NASA's Space Shuttle program, and Canadarm2, which is currently in service on the ISS.

We are now working on the Canadarm3 program, our third generation Canadarm that will provide AI-based robotics for the NASA-led Gateway, the lunar-orbiting outpost of the Artemis program. Current projects, including Canadarm3, are expanding MDA's mission partner scope to now include on-orbit operations. MDA's recent investment in, and construction of, our new space robotics centre of excellence includes the creation of multiple mission control centers enabling us to provide on-orbit operations for our customers in the future.

We have developed technology for multiple Mars missions, including the Phoenix Lander, the Curiosity Rover and the ExoMars Rover, with our sensors first operating on Mars in 2008. We built the LiDAR instrument for the OSIRIS-Rex mission that completed the world's first 3D scan of an asteroid from an orbiting spacecraft.

Our principal customers in our Robotics & Space Operations business are Canadian, U.S. and international government Space Agencies, including the CSA, NASA, United Kingdom Space Agency and the European Space Agency. We also serve a wide variety of commercial customers in multiple markets, including Axiom Space, Northrop Grumman, Maxar Technologies, Airbus, Intuitive Machines, Astroscale and Mitsubishi Electric Corporation.

### **Satellite Systems**

Satellite communications have transformed the way people connect and communicate on Earth, and have continued to evolve to enable improved global connectivity across the globe. MDA serves our commercial and government mission partners worldwide as a prime contractor and supplier of satellite systems and sub-systems for communication networks in LEO, MEO and GEO satellites. These communication missions span a growing number of use cases including space-based broadband Internet, Direct-to-Device satellite communication, and IoT connectivity across the full communication frequency spectrum.

We have provided satellite subsystems to enable next generation LEO communication constellations such as O3b mPower, Iridium Next, and OneWeb; a segment of the communication satellite market that is driving meaningful growth for MDA. To support these high volume satellite customers, MDA has continually adapted its satellite manufacturing base, which now includes fourth-generation robotics-based technologies capable of manufacturing dozens of small satellites and satellite sub-systems each month. MDA technology has been integrated into more than 350 satellite missions and we expect this number to continue to grow.

As we continue to evolve the Satellite Systems business, MDA is adding high-volume satellite production capabilities for large scale satellite constellations, including industry-leading satellite manufacturing leveraging automated production lines and AI-enabled robots, cobots and high-skilled assemblers using augmented reality to accelerate mass production. This advanced manufacturing environment is enabled by our industry leading facilities in Montreal, Quebec, which contain one of the largest near field ranges and largest compact ranges for satellite testing in the world. In addition, this facility includes a wide range of thermal, environmental, Platform Independent Model (PIM) and vibration test facilities.

Through our participation in multiple major satellite constellations to date, and with our new state-of-the-art high volume satellite production facility in Montreal, we have solidified our position as a trusted mission

partner for space communications. In 2023, MDA was selected as prime satellite contractor for Telesat's revolutionary LEO satellite constellation Telesat Lightspeed (198 satellites). This contract award follows on our selection as Globalstar's new LEO constellation provider (17 satellites) in 2022. MDA also announced in 2023 the initiation of work on a third constellation of at least 36 satellites.

MDA's transition to a satellite prime contractor for LEO and MEO constellations has been enabled by the launch of a new leading edge digital satellite product by MDA. These software defined, dynamic beam forming satellites provide a new level of performance and efficiency in space based networks for our customers. The fully integrated digital satellite capability includes a complete range of modular digital products and components for space-based communication solutions coupled with advanced high-volume manufacturing production capability – dramatically reducing production costs and schedule.

In line with our strategy to expand our role in the constellation market for both civilian and defence applications, we have announced a series of awards from U.S.-based customers to support government space security and communications satellites in their LEO constellation networks. These awards represent MDA's early participation in this growing market opportunity, with repeat orders increasing in frequency.

Our principal customers in the Satellite Systems business include a variety of commercial customers operating in multiple markets including Globalstar, Telesat, Airbus, Maxar Technologies, OneWeb, Sierra Space, Thales Alenia Space, Boeing, Lockheed Martin, Northrop Grumman, OHB SE and York Space Systems.

## **GROWTH STRATEGY**

With established industry leadership in diverse space markets, we are currently executing on specific strategies that will allow us to capitalize on the multiple waves of growth in the expanding space market.

The primary pillars of our strategy include:

- Investing in next generation space technology and services
  - Developing CHORUS, our next generation EO satellite constellation, which is expected to provide the broadest SAR area coverage on the market and include a trailing X-band SAR satellite with high-resolution capability. CHORUS' enhanced capabilities will help reinforce our competitive position as a mission prime for upcoming customer-funded EO missions.
  - Developing a new software-defined digital satellite product line, which will provide critical new solutions to communications satellite operators and prime manufacturers to support the industry's transition from analog to digital satellites.
  - Developing commercial robotic products based on pre-qualified and multipurpose space robotics components leveraging the Canadarm3 technology.
  - Establishing mission control centers to provide on-orbit operations of MDA mission elements to our mission partners.
- Expanding our presence in high growth markets and geographies
  - Expanding our role to satellite prime for commercial communication satellite constellations while continuing to support other primes as a proven supplier of payloads, antennas and other satellite subsystems.
  - Engaging in emerging commercial space markets to support growth and capture recurring revenue opportunities as markets develop.
  - Enhancing our offerings and resources to fully participate in the national security and defence space markets, both domestic and international.

- Leveraging our existing presence in the UK and USA and evaluating other Five Eyes and European Nations to expand our international footprint.
- Scaling and expanding skills, talent and operations
  - Rapidly scaling our employee base to execute on our current work and maximize the capture of future business opportunities.
  - Investing in new operational facilities, technology and capacity to meet growing market demand.
- Leveraging strategic M&A to complement organic growth
  - Augment existing capabilities and our domain expertise.
  - Accelerate our technology roadmap to support strategic initiatives and our expansion into market adjacencies.
  - Expand our presence in international geographies to access new market sectors and customers.

## **COMPETITION**

We sell our products and services into a highly competitive global market.

In our Geointelligence business, we compete with major existing SAR satellite imagery providers, such as Airbus and e-GEOS, as well as other commercial satellite imagery companies, government-owned imagery providers, free sources of imagery and UAVs. We also compete with companies that provide geospatial analytic information and services to government agencies, including defence prime contractors.

In our Robotics & Space Operations business, we view the competitive market dynamics as bifurcated between well-known providers with a track record of proven on-orbit performance and newer providers offering unproven, low-cost solutions. Our major existing and potential competitors for our Robotics & Space Operations business include Oceaneering, Honeybee Robotics, Motiv Space Systems, Maxar Technologies and Malin Space Science Systems.

In the Satellite Systems business, our competitors fall into two categories: the in-house capabilities of all major satellite prime contractors such as Airbus, Thales Alenia Space and Northrop Grumman; and niche providers of systems and components such as L3Harris, CesiumAstro, SEAKR Engineering, Maxar Technologies, York Space Systems and Terran Orbital.

### **Competitive Strengths**

While the markets we serve are competitive, we believe that MDA is well positioned to provide differentiated solutions to customers, driven by the following competitive strengths:

#### **A Trusted Mission Partner with a Track Record of Execution**

As more governments and organizations begin to participate in space, a hostile and unforgiving operating environment with a high cost of failure, it is paramount to engage with trusted partners to ensure mission success. With our reputation and history of successful performance, MDA has earned the trust of some of the world's largest participants in space-based activities. With a strong track record of excellence in high-stakes, complex, mission-critical applications, we are well positioned to help our customers leverage the insights and opportunities of space for their applications and missions.

In addition to new business wins, our track record of execution drives customer loyalty, which leads to repeat business. Every program we develop further reinforces our domain expertise, and establishes MDA as a recognized leader.

## **Specific Expertise and Technological Resources Tailored for the New Space Economy**

We provide critical, end-to-end offerings of technologies and solutions in each of our business areas. We anticipate the needs of our customers and partner with them as they navigate the space economy.

In Geointelligence, the technological sophistication of our integrated satellite and ground station network, combined with our value-added analytics capabilities, enables us to deliver a fully integrated EO solution to our customers. This is a key differentiator from competitors who lack a fully integrated solution. This integration allows us to provide seamless access to actionable insights in near real-time for a unique value proposition.

In Robotics & Space Operations, our industry-leading and end-to-end technological capabilities are underscored by an established patent portfolio and extensive on-orbit operational expertise. Customers come to us seeking 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 offer full satellite design and delivery capabilities, with a new digital satellite product, all enabled by high volume assembly, integration, and testing facilities with differentiated technologies and expertise across the full frequency spectrum. These facilities, technologies and expertise enable us to deliver 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 and Direct-to-Device satellite communication services.

## **Agility and Scale Position Us to Serve Customers of all Levels of Size and Experience**

Our culture and organizational structure provide 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 across our business areas. We believe the pace of space innovation has accelerated and that agility is critical to our customers' success. By focusing on agility, we are able to collaborate with partners to provide customized solutions, iterate quickly and achieve optimal outcomes.

We have significant scale with over 566,000 square feet of design, laboratories, manufacturing and test facilities and the support of a supply chain of over 500 proven contractors. This provides us with the engineering capabilities necessary to deliver on large and complex missions in a way that smaller, emerging space companies would be challenged to match.

The combination of our agility and scale positions us well to service both commercial and government customers, allowing us to deliver a range of solutions from those that require customization and high-volume capabilities to those that require cost-efficient and fast delivery.

## **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.

## **Deep Team with a Winning Culture**

We have a highly experienced management team and workforce of approximately 3,000 as of the date of this AIF, which provides us with the critical expertise to execute complex space missions. Our position as a recognized innovation leader in the growing space economy is an advantage in premium talent attraction and retention, as evidenced by the long average tenure of our workforce. Our people embody our core values of integrity, responsibility, collaboration, fueling inspiration and operational excellence, a culture that drives successful delivery on customer missions.

## **PEOPLE, SPECIALIZED SKILLS AND KNOWLEDGE**

Our people are the lifeblood of our organization. As a global leader in technology and innovation, our success is linked to our ability to attract and develop a highly skilled workforce. We believe our location in Canada, our access to some of the most advanced equipment and resources available, and our commitment to growth and innovation enable us to attract and retain top talent. Our workforce comprises approximately 3,000 people throughout our operations in Canada, the United States and the United Kingdom.

Our 1,440 engineers, scientists and technical specialists represent 50% percent of our workforce, averaging over eight years of experience with MDA. Our employees work across nine facilities in Canada and four facilities in the United States and the United Kingdom.

We are committed to investing in our people and R&D to keep MDA at the forefront of technological innovation. Our commitment to advancing innovation and R&D in Canada was recognized in 2023 as MDA was ranked 33rd of Canada's top 100 corporate research and development spenders by *Research Infosource Inc.*

## **INTELLECTUAL PROPERTY**

MDA's portfolio of successful projects, technologies and patents positions us well to continue our leadership role in the growing space economy.

Our substantial intellectual property assets include Canadian and foreign patents, as well as Canadian and US copyrights, trademarks and service marks. We actively pursue internal development of intellectual property. In 2023, MDA's new patent filings numbered more than triple any previous year, reflecting our continuing emphasis on high-tech innovation and expanding our intellectual property rights. With our track record of successful development in all our business areas, we believe our portfolio of intellectual property assets brings a high level of value to our customers and partners.

Our intellectual property portfolio also includes 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 TECHNOLOGY DEVELOPMENT**

MDA recognizes that investment in R&D is vital to driving innovation and technological advancement in all aspects of the space economy. Our business depends on expanding the horizons of what is currently possible to develop new possibilities for the next generation of products and services. Our research and development expenses (after customer reimbursement for certain expenses) were \$39.1 million for fiscal 2023. Combined with the capitalized development costs for new proprietary and software intangible technologies (\$32.6 million) and Property, Plant and Equipment (PPE) Capital-in-Progress non-recurring costs associated with the design the Chorus satellite (\$40 million), MDA's overall investment in research and new technology development was \$111.7 million in 2023.



Our R&D efforts are a critical differentiator for MDA. Research Infosource Inc., a leading research and consulting firm focused on the Canadian R&D ecosystem, listed MDA as 33<sup>rd</sup> in its ranking of Canada's Top 100 Corporate R&D Spenders, based on R&D investment in fiscal 2022. We intend to continue our focus on R&D and product and service enhancements as a key strategy for innovation and growth.

This investment in R&D supports each of our three business areas. To support CHORUS, MDA's next generation commercial EO mission, we are using breakthrough component technologies to develop updated SAR designs. This will integrate the reliability of C-band with the narrowband capability of X-band satellites to enable advanced analytics and onboard processing capabilities.

MDA's investment in our software-defined satellite product line is fueling our growing business in next-generation communication satellite constellations. Initiatives include the development of Direct Radiating Array (DRA) antenna technology and on-board processing technologies, whose combination will enable flexible routing/channelization, beamforming and signal regeneration.

In our Robotics & Space Operations business area, development is underway on a portfolio of pre-qualified multi-purpose space robotics components and supporting ground control system installed in new mission control centers. This work will enable on-orbit servicing and space servicing for commercial vehicle developer markets.

## **NEW PRODUCTS**

In our Geointelligence business, we continue to advance technical work on CHORUS, which is expected to launch in Q4 2025. CHORUS will build on our RADARSAT heritage to provide continuity of services and enhanced capabilities. See "Geointelligence" at p. 10 for a detailed description of CHORUS. Expected to be the world's first dual-band SAR constellation, CHORUS will support time-critical applications such as land surveillance and disaster response by permitting faster, high-resolution data collection at any time of day and in any weather conditions. In addition, to better serve customers that seek near real time information for maritime surveillance, MDA has developed the Maritime Insights analytics platform, which enables customers to glean maritime activity insights in their areas of interest. The platform employs multi sensor fusion and a range of advanced analytic processing techniques.

In our Robotics and Space Operations business, we are progressing work on a portfolio of commercial robotics offerings, leveraging our work on the Canadarm3 robotic technology. This line of robotic systems will provide MDA with the opportunity to partner with space station missions, rover missions, servicing missions, and a range of future missions, such as planetary operations and on orbit assembly and manufacturing.

In Satellite Systems, MDA recently unveiled a new software-defined digital satellite product line to support customer demand as the industry transitions from analog to digital satellite technologies. The fully integrated portfolio includes a complete range of modular digital products and components for space-based communication solutions. Telesat, which recently selected MDA as prime contractor for its Telesat Lightspeed LEO constellation, will act as the anchor customer for this new digital satellite technology.

## **RAW MATERIALS**

Excluding the ongoing CHORUS development, our Geointelligence business is generally engaged in limited manufacturing activities and has minimal exposure to fluctuations in the supply of raw materials. For portions of the Geointelligence business 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.

The Robotics & Space Operations and Satellite Systems businesses are more involved in hardware production and therefore have increased reliance on raw materials. In manufacturing our products, we use our own production capabilities as well as third-party suppliers and subcontractors.

Key raw materials used include metals such as aluminum and titanium, which are usually procured by suppliers who manufacture parts in accordance with our drawings. We also purchase 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. We are impacted by increases in the prices of raw materials used in production on fixed-price business. We monitor sources of supply to attempt to assure availability of sufficient raw materials and other supplies needed in manufacturing processes are available and, where possible, pass through cost fluctuations in raw material prices to our customers. See “Risk Factors” at pp. 25 and 26 for a discussion of the risks associated with raw materials and suppliers.

## **FACILITIES AND FOREIGN OPERATIONS**

MDA’s head office is located in Brampton, Ontario. Our businesses operate primarily out of offices in Richmond, British Columbia, Brampton, Ontario, Montreal, Quebec and other areas of Canada. Our Canadian facilities encompass approximately 566,382 square feet of leased space and 398,000 square feet of owned space. The following table provides an overview of our facilities.

	<b>BRITISH COLUMBIA</b>	<b>NOVA SCOTIA</b>	<b>ONTARIO</b>	<b>QUEBEC</b>	<b>UNITED KINGDOM</b>	<b>USA</b>
<b>Type (Engineering / Manufacturing)</b>	Eng	Eng	Eng / Mfg	Eng / Mfg	Eng / Mfg	Eng
<b>Leased / Owned</b>	Leased	Leased	Leased	Leased / Owned	Leased	Leased
<b>Sq. Ft.</b>	181,588	22,794	336,000	26,000 / 398,000	25,900	7,776

While the Robotics and Space Operations segment of our business operates primarily out of Canada, it also has international operations incorporating approximately 17,000 square feet of leased space in the United Kingdom and Houston, Texas.

Our acquisition of SSS added 16,900 square feet of leased space to our UK facilities. Our international facilities offer a strong supplement to our business offerings and provide inroads into both US and UK space markets.

## **CYCLES AND ECONOMIC DEPENDENCE**

We have not historically experienced cyclicity or seasonality in our operations. Some of our business areas are project-driven and, therefore, may vary from quarter to quarter as the result of large projects being at varying stages of completion. For example, demand in our Satellite Systems business is driven by fleet replacement cycles, increased bandwidth demand for video, Internet and data and the development of new satellite applications.

A significant portion of our expected revenue over the next several years is concentrated in a small number of contracts, including the contracts for Canadarm3, Globalstar, Telesat and CSC. See “Three Year History” at p. 3 for a description of these contracts and “Risk Factors” at p. 23 for a discussion of the risks of loss, termination, breach or reduction of services under such contracts.

## **ENVIRONMENTAL REGULATION**

Our operations are regulated under various federal, provincial, municipal 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 established policies and practices 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.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)**

As we continue to make progress in our ESG initiatives, we have identified a number of important topics in which we will advance further in 2024. These include, calculating the carbon footprint within our operations; advancing our diversity, equity and inclusion initiatives – including Indigenous participation; progressing our health and safety practices; and enhancing risk mitigation to address cybersecurity threats.

One of our core values at MDA is “do the right thing”. We act ethically in all that we do, take ownership of our work and responsibility for the outcomes. Our business contributes to and impacts environmental and social initiatives around the world. Through our capabilities in EO, MDA gathers imagery and data that is used for environmental monitoring including natural disaster and response management, tracking ice floes and shoreline erosion, deforestation, illegal and unregulated fishing and providing maritime protection awareness. MDA’s operations comply with applicable environmental regulations and aim to continuously improve our environmental practices.

We are committed to running our business ethically and responsibly and have a number of important policies to maintain our high level of business trust and integrity, including a Disclosure and Confidential Information Policy, Anti-Corruption Policy, Anti-Harassment Policy, Whistleblower Policy, Insider Trading Policy and a Code of Ethics and Business Conduct Policy. Further, MDA requires its employees to undergo annual training on ethical standards, including sessions on Ethics & Business Conduct, Anti-Corruption and Anti-Harassment. We have also introduced a Supplier Code of Conduct that outlines our expectations within our supply chain, including, among other things, the protection of individuals working directly or indirectly with MDA from any form of forced labour, child labour, modern slavery and human trafficking.

## **DIVERSITY**

We are investing in Diversity, Equity and Inclusion (“DEI”), in line with our core values, and in reflection of our belief that greater diversity leads to a stronger corporate culture, deeper talent pool, and better outcomes for our customers and our organization.

MDA understands 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.

In 2023, MDA advanced our DEI efforts in a number of important areas.

This past year, MDA formed a DEI steering committee with representatives from all levels of management and employees to advance our objectives and build alignment and engagement across the organization. In a number of our locations, we have employee affinity groups representing Women, Black employees, and 2SLGBTQIA+ employees.

Additionally, in order to support our rapid growth while ensuring a diverse candidate pool, MDA’s talent acquisition team advertises job vacancies on a number of specific websites and LinkedIn channels dedicated to the hiring of both indigenous and female candidates. Our own team members have been certified in diversity sourcing under the Advanced Internet Recruitment Strategy (AIRS) Certified Diversity and Inclusion program. MDA also frequently participates in diversity-focused career events, such as the

Stardust Festival, the Society for Canadian Women in Science and Technology (SCWIST) and Women in Defence and Security (WiDS).

To further entrench diversity as part of our company culture, we host events and communicate annually in support of Black History Month, International Women’s Day and 2SLGBTQIA+ Pride Month. MDA also acknowledges and recognizes the National Day for Truth and Reconciliation in Canada. MDA has active social committees who participate in multiple fundraising events, including local food banks and initiatives that empower women to achieve economic independence.

Additionally, a key action, as part of our DEI strategy, was to understand the current composition of MDA’s workforce across our company. In December 2023, MDA conducted a Diversity, Equity and Inclusion employee self-identification survey with a participation rate from 68% of our full time employee population. Based on this self-reported survey, 69% of our employee base identified as male, 29% as female, 0.9% non-binary/gender non-conforming and 0.6% as transgender. Of the responding employees, 41% identified as a member of a racial or ethnic group. 69% of our employees reported that they are multi-lingual and speak over 70 different languages in aggregate. In addition, 6% of our employees identified as a member of the 2SLGBTQIA+ community. MDA has a highly educated workforce, with 46% of employees identifying with a Bachelor’s degree, 26% of employees with a Master’s degree, and 7% of employees with a Doctorate level degree. Finally, our total workforce represents four different generations (Baby Boomers, X, Millennials, Z) with millennials representing 40% of our total population.

MDA believes that greater diversity at our Board and senior management levels enhances business performance and demonstrates our values. We will continue to evaluate the adoption of targets in the future to ensure our Board and the senior management team is comprised of individuals with diverse attributes and backgrounds.

## Risk Factors

Our business is subject to a variety of risks and special considerations. As a result, prospective investors in MDA should carefully consider the risks described below and the other information included in this AIF and any information gathered as a result of the prospective investor’s own independent evaluation of MDA and its business. 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 MDA. Additional risks and uncertainties not presently known to MDA, or that it believes to be immaterial, may impair our business. If any of the following risks actually occur, MDA’s business, financial condition and results of operations could suffer.

### **RISKS RELATED TO OUR BUSINESS AND OUR INDUSTRY**

#### **Uncertain economic and political conditions could materially adversely affect our results of operations and financial condition.**

Customer demand for our 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, the future rate of inflation, credit availability, the level of government spending, changes in the business market affecting our customers, and political decisions may influence our sales or our 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 revenue, 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 we 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 failure by MDA to

anticipate a business downturn may adversely affect our results of operations and financial condition. The ongoing conflict between Russia and Ukraine and between Israel and Hamas-controlled Gaza territory and the sanctions that many countries have imposed, create risks across the global economy, including fluctuations in commodity prices, foreign exchange rates, supply chain disruptions and potential slowdowns in a variety of industries. MDA will continue to monitor the impact of the ongoing conflicts, however such conflicts have not had a significant adverse effect on MDA's overall business, business opportunities, results of operations, financial condition and cash flows at this time.

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

Our 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 spacecraft that MDA services (including for example, the ISS or the Gateway), could have a material adverse effect on our results of operations and financial condition. In addition, orbital debris could render certain orbits unusable impacting our assets in those orbits or its ability to provide products or services in those orbits. MDA 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, power shortages, blackouts and telecommunications failures, and business interruptions resulting from geopolitical actions, including acts or threats of war (including the war in Ukraine) or terrorism, international conflicts, political instability, and the actions taken by governments. Natural disasters or other disruptions could result in disruptions to our business operations or the operations of suppliers, subcontractors, distributors or customers; destruction of facilities; economic instability; 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 our products and services depends on the continuing operation of our satellite operations infrastructure, information technology and communications systems. Any downtime, damage to or failure of our systems could result in lengthy interruptions in our service, which could damage our reputation and have a material adverse effect on our financial condition and results of operations.

Since its emergence in early 2022, the war in Ukraine and the global response to this conflict has resulted in significant uncertainty, which may pose additional risks to our business through direct and/or indirect exposure. Countries around the world, including Canada, the United States and the United Kingdom, have imposed sanctions related to conducting business with Russian and Belarusian entities and individuals. Non-compliance with such sanctions may expose MDA to government enforcement and reputational risk. While MDA has limited physical presence outside of North America and is not currently engaged in any business with Russian or Belarusian entities and individuals, we will continue to exercise due diligence and monitor compliance. Should this conflict expand beyond Ukraine, or should other geopolitical disputes and conflicts emerge in other regions, this could result in a material adverse effect on MDA. In addition, the extent and impact of political instability resulting from, and further sanctions imposed in connection with, the conflict in Ukraine, as well as the conflict itself, may cause financial market volatility, impact the global economy and the markets in which we operate and have the effect of heightening many of the other risks described in this "Risk Factors" section.

**Our 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 our financial condition, results of operations or future growth. Our business is dependent on governments continuing to create, support and fund the programs in which MDA 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 our financial condition and results of operation. Although in the past MDA has rarely experienced cancellations of previously awarded significant contracts, there can be no assurance that any contract with the government will not be terminated, reduced in scope or suspended in the future. The cancellation of, or a significant disruption to, any program that is material to our business could have a significant negative impact on our business, prospects and profitability.

**Our 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 MDA under such contracts upon termination for convenience are not assured and may not be sufficient to fully compensate MDA for any early termination of a contract, which may impact the results of operations and financial condition of MDA. In addition, MDA may not be able to secure 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 our 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. MDA may compete directly with other suppliers or align with a prime or subcontractor competing for a contract. MDA may not be awarded the contract if the pricing or product offering is not competitive, either at our level or the prime or subcontractor level. Competitive procurements impose substantial costs and managerial time and effort on the design, development and marketing of bids and proposals for contracts that may not be awarded to MDA. 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. MDA may not be awarded contracts for which it bids, and substantial delays or cancellation of purchases may follow our successful bids as a result of such protests.

Certain government contracts also contain "organizational conflict of interest" clauses that could limit our 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.

**Our business is subject to government regulation and may be negatively impacted by the ability of MDA to comply with such regulations or to obtain any required regulatory approvals.**

Some areas in which MDA operates are subject to significant government regulation. These regulations are subject to change. A failure by MDA 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, MDA is regularly audited and reviewed by government entities and agencies in its performance of contracts with such entities. These entities review our performance under such contracts, our cost structure and compliance with applicable laws, regulations and standards, as well as the adequacy of, and compliance with, our internal control systems and policies. If an audit uncovers improper or illegal activities, MDA 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, MDA 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 MDA, require regulatory approvals to be obtained by MDA, 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 MDA or third parties on a timely basis or retained for continuous operations. A failure to obtain approvals or licences could materially adversely affect our results of operations and financial condition.

**The loss or failure of RADARSAT-2 could have a material adverse effect on our results of operations and financial condition.**

The loss or failure of RADARSAT-2 could have a material adverse effect on our 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 or stop working abruptly. 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 our 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 MDA 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. MDA 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, MDA can offer no assurance that RADARSAT-2 or any other satellite will maintain its prescribed orbit.

In January of 2021, we announced that we would be building a next-generation EO commercial satellite, CHORUS, which will be a follow-on to RADARSAT-2, offering service continuity to our existing customers and expanded capabilities. However, if MDA suffers a partial or total loss of RADARSAT-2 prior to the deployment of CHORUS, it would significantly impact our business, prospects and profitability. During any period of time in which RADARSAT-2 is not fully operational and has not been replaced, MDA may lose most or all revenue derived from RADARSAT-2. Our 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 our 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, including but not limited to Canadarm3, Telesat and Globalstar. In fiscal 2023, our top 10 customers accounted for 80% of

our total 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.

Building on the Phase A contract that we received from the CSA in December 2020 to develop Canadarm3 for the Gateway mission, we received a Phase B contract from the CSA in March 2022 for the next phase of the Canadarm3 Program. 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. MDA was also selected as the prime contractor for Globalstar's new LEO satellites in February 2022. The contract, valued at US\$327 million (approximately C\$415), includes the design, manufacture, assembly and test of 17 satellites, with options for Globalstar to purchase up to nine additional satellites and with flexibility in timing to order such satellites, as well as other contractual options. Globalstar expects to launch the satellites by the end of 2025. In August 2023, MDA was selected as prime satellite contractor for Telesat's LEO satellite constellation Telesat Lightspeed. Valued at approximately \$2.1 billion, it is the largest contract in MDA's history.

The loss or termination of, or a breach or reduction of services under, any of these contracts could have a material adverse effect on our 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. Should these contracts not be renewed at expiry, cancelled by customers or should a competitor win the renewal, our future revenue stream and overall profitability could be significantly reduced.

In addition, certain of our revenues are largely dependent upon the ability of customers to develop and sell products or services that incorporate our products or services. 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.

**Certain commercial satellite customers are highly leveraged or not fully funded and may not fulfill their contractual payment obligations, including vendor financing.**

MDA 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 our customers encounter financial difficulties, our cash flows and liquidity may be materially and adversely affected. MDA 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 may require MDA to provide vendor financing to or on behalf of its customers, including guarantees or a combination of these contractual terms. To the extent that MDA provides vendor financing to or on behalf of its customers, our 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.

**Failure to successfully implement our growth strategy could reduce, or reduce the growth of, our revenue and net income.**

The primary pillars of our growth strategy include: (a) investing in next generation space technology and services, (b) expanding our presence in high growth markets and geographies, (c) scaling and expanding skills, talent and operations, and (d) leveraging strategic M&A to complement organic growth.

The successful implementation of these our growth strategy 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 our growth strategy could reduce, or reduce the growth of, our revenue and net income and adversely affect its business, financial condition and results of operations.

**MDA 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, MDA 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, our 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 our 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 or products at the volume required, our 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, MDA 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. If a sole-source supplier cannot meet our 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. MDA 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 our 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 MDA.**

Many raw materials, major components and product equipment items used by MDA 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 due to inflation or other factors. Our 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 our supply needs. Our inability to fill our supply needs would jeopardize our 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 our operating results, financial condition, or cash flows.

Key raw materials used in our operations include metals such as aluminum and titanium, which are usually procured by suppliers who manufacture parts in accordance with our drawings. MDA 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. MDA is impacted by increases in the prices of raw materials used in production on fixed-price business.

MDA 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 our operating results, financial condition, or cash flows.

**MDA operates in highly competitive industries and in various jurisdictions across the world which may cause MDA to have to reduce its prices.**

MDA operates in highly competitive industries and some of our current or future competitors may have superior technologies or greater financial and other resources than MDA has. In addition, some of MDA's foreign competitors currently benefit from, and others may benefit in the future from, enhanced protective measures by their home countries where governments are providing increased 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 MDA either for themselves or for other government agencies, effectively competing with MDA.

Our competitors or potential competitors could, in the future, offer products and services with more attractive features, capabilities and technologies, or at lower prices, than our products and services. For example, the emergence of new remote imaging technologies or the continued growth of low-cost imaging satellites, could negatively affect our marketing efforts. Due to competitive pricing pressures, such as new product introductions by MDA or its competitors or other factors, the selling price of our products and services may further decrease. If MDA 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.



**MDA may not be successful in developing new technology and the technology MDA 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. For example, the Canadarm3, Globalstar constellation, CHORUS and CSC programs all involve the development of leading edge, next generation technologies in their respective areas. MDA needs to invest in technology to meet its customers' changing needs. Technological development and research is expensive and requires long lead time. MDA may not be successful in identifying, developing and marketing products or systems that respond in time 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 our 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.

MDA 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 MDA 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 our existing products or systems will not become technologically obsolete. Our 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. To the extent that MDA adopts new technologies and introduces new solutions, it may face additional risks, such as increased R&D expenses, new data security risks, and lack of personnel with relevant experience.

**Our revenue, results of operations and reputation may be negatively impacted if our products contain defects or fail to operate in the expected manner.**

MDA 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 MDA may contain defects that can unexpectedly interfere with the software's intended operation. Defects may also occur in components and products that MDA purchases from third parties. In addition, many of the products developed by MDA must function under demanding and unpredictable operating conditions and in harsh and potentially destructive environments. MDA 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 our products will be successfully implemented, will pass required acceptance criteria, or will operate or will provide the desired outputs or other results. MDA 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 MDA. 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 MDA 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 our financial condition and operating results. In addition, a failure with respect to any satellite may adversely affect the perception by our customers of the quality of its products and may materially and adversely affect our ability to win new awards of contracts.

**MDA may have potential contractual liability for errors or defects in its products or systems.**

There is a risk that our satellite systems or products may contain errors or defects or fail to perform as intended. While MDA 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 our 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 our 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 MDA 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 MDA, divert management's attention and resources from our operations and result in negative publicity that may impair our ongoing marketing efforts. Our 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.

**MDA is dependent on its ability to attract, train and retain employees. Our inability to do so, or the loss of key personnel, would cause serious harm to our business.**

Our growth and success is largely dependent on the abilities and experience of our executive officers and other highly qualified personnel. We continue to improve our talent acquisition team and associated systems, and to bring processes and systems together to identify, recruit, onboard, and integrate new talent on a continual basis. We rely on our senior management to generate business and execute programs successfully, and in order to maintain our 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. Competition for highly skilled management, technical, research and development and other personnel is intense in MDA's industry. In addition, there has been an increase in wage inflation. 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 and MDA may experience difficulties in its project execution, which could have a material adverse impact upon our growth, operations and profitability. MDA will also need to increase its hiring if it is not able to maintain its attrition rate through current recruiting and retention policies. 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 our 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.

**MDA is subject to inflation risk.**

Global economies are currently experiencing elevated inflation, which could curtail levels of economic activity, including in our primary markets. The general rate of inflation impacts the general economic and business environment, which in turn impacts MDA. The imposition of higher interest rates could negatively impact our business, financial condition and results of operations. There can be no assurance that any governmental action will be taken to control inflationary or deflationary cycles, that any governmental action taken will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Higher

interest rates as a result of inflation could negatively impact future borrowing costs or make debt financing less attractive to MDA, which could, in turn, have a material adverse effect on our cash flow and ability to service debt obligations.

**Some of MDA and its suppliers' workforces are represented by labour unions, which may lead to work stoppages.**

Approximately 50% of our total workforce was represented by labour unions as of the date of this AIF. MDA may experience work stoppages organized by labour unions, which could adversely affect its business. To date, we have only experience minor work stoppages with no significant impact to our business. While historically, MDA has maintained positive relationships with labour unions, MDA 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 our flexibility in dealing with our workforce. Labour union actions at suppliers can also affect MDA. Work stoppages and instability in our 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 renegotiation of any collective agreements presents a risk of labour disruption if MDA is not able to satisfactorily renegotiate such agreements. There is no guarantee that MDA will be able to renegotiate agreements with the labour unions at all or on favourable terms.

**Our technology may violate the proprietary rights of third parties.**

MDA may become subject to claims from third parties that software and other forms of intellectual property that MDA 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 MDA or in our 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 MDA has no control. MDA has no assurances that those components do not infringe upon the intellectual property rights of others or that in the combination used by MDA does not infringe on the rights of others. MDA could be exposed to infringement claims and liability in connection with the use of those software or technology components. MDA 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 MDA may infringe current or future third-party patents or third-party trade secrets. In the event of infringement, MDA 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 our costs. MDA could also be subject to injunctions prohibiting it from using components or methods. MDA 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 MDA to incur substantial costs defending against the claim even if the claim is invalid, and could distract management from other business.

**Our intellectual property may be misappropriated or infringed upon by third parties.**

To protect its proprietary rights, MDA 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 our technology will prevent misappropriation or infringement. An infringement or misappropriation could harm any competitive advantage MDA currently derives or may derive from its proprietary rights.

In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce its trade secret and intellectual property rights. Our patents include those relating to communications, robotics, power control systems, antennas, filters and oscillators, phased arrays and thermal control as well as assembly and inspection technology. The patents held by MDA expire at various times. There is a risk that competitors could challenge or infringe our patents.

Litigation may be necessary to enforce or protect our 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 our technology or develop competing technologies, or others may independently discover our trade secrets and proprietary information, and in such cases MDA 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 our 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 our IT networks and related systems or those of third parties that MDA 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 our business.**

MDA 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 our systems, originating from a number of sources including hostile foreign governments. MDA 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, MDA faces a heightened risk of security breach or disruption from threats to gain unauthorized access to our and its customers' proprietary or classified information stored on our networks and related systems and to certain of the equipment used in a customers' network or related systems. MDA has in the past experienced a data breach caused by a vulnerability in a third-party application. The data breach was not material to our financial position, results of operations and/or cash flows. MDA has since migrated to a new application with enhanced protections and safeguards.

These types of information and IT networks and related systems are critical to the operation of our business and essential to its ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of our customers. There can be no assurance that our 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, MDA may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for MDA 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 our 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 MDA or its customers or suppliers, including trade secrets, which others could use to compete against MDA or for disruptive, destructive or otherwise harmful purposes and outcomes; compromise other sensitive government

functions; damage our 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 our business and results of operations.

MDA also relies on its subcontractors and suppliers to effectively mitigate the risk of cyber and security threats to the information entrusted to them by MDA or its customers. If our suppliers or subcontractors are the subject of cyber or other security threats or disruptions, it could have a material adverse effect on our financial position, results of operations and/or cash flows.

**MDA is dependent on data and systems, and cannot prevent all possible errors or threats.**

MDA 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 our 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 MDA if our customers relied on such incorrect data. Although MDA 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 MDA are dependent on data supplied by third parties.**

Certain of the products offered by MDA 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 MDA 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, MDA may experience delays in obtaining data from alternative sources which may affect our operations or financial condition. MDA also sources data from various third parties without formal contracts applying to such transactions. There can be no assurance that MDA will be able to continually acquire data from all government or other sources at a cost that permits MDA to realize a profit. If MDA is unable to protect sensitive information, its customers and governmental authorities could question the adequacy of our 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 our operations, reputation, competitive advantages and financial condition.

**Our business is subject to various regulatory risks that could adversely affect its operations.**

The environment in which MDA 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 MDA has developed require the implementation or acquisition of products or technologies from third parties, including those in other jurisdictions. In addition, certain of our 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, MDA 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 MDA 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, MDA 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 our revenues and margins.

- **Government Approval Requirements.** For certain aspects of its business operations, MDA 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 defence 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 MDA 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. Our policies mandate compliance with anti-corruption laws. MDA 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 MDA has measures in place to select and oversee such agents and third parties, MDA cannot control or monitor all activities of such agents and third parties. Failure by our employees, agents, subcontractors, suppliers and/or partners to comply with anti-corruption laws could impact MDA 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 our reputation, operations and financial results.

MDA relies on its subcontractors and suppliers to comply with applicable laws and regulations. In some circumstances, MDA relies on certifications provided by subcontractors and suppliers regarding their compliance. If our 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.

**Our operations are subject to governmental laws and regulations relating to environmental matters, which may expose it to significant costs and liabilities that could negatively impact its financial condition.**

MDA 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 our business in the future. The regulatory bodies in charge of environmental matters may conduct periodic compliance reviews. If any non-compliance matter arises, or containment, mitigation and remedial orders are received by MDA, we may be required to commit financial and technical resources as it deems necessary, including outside consultants, to develop

action plans in accordance with the requirements of the various jurisdictions within which we operate. 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.

**Our international business exposes it to risks relating to increased regulation, and political or economic instability in foreign markets, which could adversely affect our revenue.**

For the year ended December 31, 2023, approximately 49.6% of our revenue was derived from non-Canadian sales, and MDA intends to continue to pursue international contracts. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. International operations are also 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 MDA conducts business; effects of austerity programs or similar significant budget reduction programs; potential preferences by prospective customers to purchase from local (non-Canadian) sources; new and different sources of competition; the costs of complying with a variety of Canadian, U.S. and international laws and regulations; difficulties in managing and staffing international operations, including differences in labour laws; reduced or varied protection for intellectual property rights in some countries; 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 MDA fails to meet such requirements. The impact of these factors is difficult to predict, but one or more of them could adversely affect our financial position, results of operations, or cash flows.

**Our employees or others acting on our behalf may engage in misconduct or other improper activities, which could cause MDA to lose contracts or incur costs.**

MDA is exposed to the risk that fraud or other misconduct by employees or others acting on our 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 our cybersecurity, or falsifying time records. Misconduct by employees or others acting on our behalf could also involve the improper use of customers' sensitive or classified information, which could result in regulatory sanctions against MDA, serious harm to its reputation, a loss of contracts and a reduction in revenues, or cause MDA to incur costs to respond to any related governmental inquiries. It is not always possible to deter misconduct, and the precautions MDA takes to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could cause MDA to lose contracts or cause a reduction in revenues. In addition, alleged or actual misconduct by employees or others acting on our 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 MDA regardless of whether it is alleged to have any responsibility.

MDA 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 MDA 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 our reputation and ability to conduct business and could have a material adverse effect on our financial position, results of operations and/or cash flows.

**MDA may not be successfully able to consummate or integrate acquisitions, which may harm our ability to develop and grow our business and operations, and MDA may be subject to ongoing liabilities in connection with divestitures.**

MDA 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 MDA 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 MDA 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 our 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 MDA to manage its acquisitions strategy successfully could have a material adverse effect on our business, results of operations and financial condition.

When divesting of certain businesses of MDA, we 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. MDA 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 MDA will be indemnified by the purchaser for these continuing obligations. These obligations could result in MDA 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 MDA 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 MDA 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 MDA may have to the purchaser. MDA may also not be able to invest or utilize the net proceeds realized by MDA in the divestiture of a business, in a manner to achieve the same return to MDA that had been historically realized by the divested business. Any action taken by others against MDA 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 our return could have a material adverse effect on our 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, 2023, our total assets were \$2,161.70 million, of which \$439.8 million, or 20.3% was goodwill and \$582.5 million, or 26.9%, 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 impact on our financial results.

**MDA 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. MDA may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. 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 our backlog could adversely affect revenues and gross margins. As a result, our funded, unfunded and total backlog as of any particular date may not be an accurate indicator of our future earnings.

**A large portion of our contracts are firm fixed price contracts, which puts MDA at risk for cost overruns and contractual terminations for default.**

A large portion of our 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 MDA will be unable to deliver under the contract within the time specified and at a cost to MDA 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 MDA could adversely affect our results of operations and financial condition.

In addition, many of our contracts may be terminated for convenience by the customer. In the event of such termination, MDA 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.

**Our cash flow and profitability could be reduced if expenditures are incurred prior to the final receipt of a contract.**

MDA 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 MDA satisfies customers' delivery requirements and schedules, MDA 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, MDA 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 MDA is under contract for the procurement, the investment in the equipment or materials might be at risk if MDA cannot efficiently resell them. This could reduce anticipated earnings or result in a loss, negatively affecting our cash flow and profitability.

**Our 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 our operations and financial condition.**

MDA 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 our business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, MDA will require additional debt or equity financing. Our ability to access capital markets on terms that are acceptable will be dependent on prevailing market conditions, as well as our future financial condition. Further, our ability to increase our debt financing and/or renew existing facilities may be limited by our financial covenants, our 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, our current financing arrangements contain certain restrictive covenants that may impact our future operating and financial flexibility.

Our current financing arrangements contain certain restrictive covenants that impact our future operating and financial flexibility. Our debt funding is provided under the Credit Agreement (as defined herein), which contain a series of positive and negative covenants with which MDA must comply, including the achievement or maintenance of stated financial ratios. If MDA 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 our 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 we operate.

In addition, MDA 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 our results of operations and financial condition. MDA limits its counterparty exposure to that of large banks and monitors their financial standing.

MDA also depends on certain financing arrangements to be completed by some of its key customers. The inability by our customers to arrange satisfactory financing on a timely basis could have an impact on our business, results of operations and financial condition.

Furthermore, MDA 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 our 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.

**Our debt servicing costs could increase.**

The Bank of Canada has announced several interest rate increases during fiscal 2023. Further increases 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 our ability to refinance its credit facilities.

**If tax laws change or MDA experiences adverse outcomes resulting from examination by the tax authorities of its income tax returns, our results of operations could be adversely affected.**

MDA is subject to federal, provincial and local income taxes in Canada and in foreign jurisdictions. Our future effective tax rates and the value of its deferred tax assets could be adversely affected by changes in tax laws. In addition, MDA 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. MDA 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 our worldwide provision for income taxes. Changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect our business, financial condition and results of operations.

**MDA routinely makes accounting estimates and judgments. If these are proven to be incorrect, subsequent adjustments could require MDA to restate its historical financial statements.**

Contract accounting requires MDA 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 our 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 MDA 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 our 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 our 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 our contracts provide for payments contingent upon successful operation of a satellite, system or product. While MDA may procure insurance policies that MDA 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, MDA may elect not to procure insurance. In addition, some of our

contracts require MDA 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. Our failure to receive incentive payments, or a requirement that MDA 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 our financial results.**

Our implementation of and compliance with changes in accounting rules and interpretations could adversely affect our operating results or cause unanticipated fluctuations in our results in future periods. The accounting rules and regulations that MDA must comply with are complex and continually changing. MDA 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 our business and the market price of the Common Shares.**

As a publicly-traded company with its Common Shares admitted to trading on the TSX, MDA is subject to reporting and other obligations under applicable Canadian securities laws and the rules of the TSX, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filing* (“NI 52-109”). These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources. In order to meet such requirements, MDA has, among other things, established systems, implemented financial and management controls, reporting systems and procedures and may, if necessary, hire qualified accounting and finance staff. However, if MDA is unable to accomplish any such necessary objectives in a timely and effective manner, our 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 MDA to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If MDA cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

MDA 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.

**Epidemics, pandemics or other crises or public health concerns could impact or disrupt our business.**

The outbreak of the novel coronavirus named COVID-19 (“COVID-19”), and the future emergence and spread of a similar or other infectious diseases and viruses, could have a material adverse effect on global economic conditions and adversely impact our business and operations, as well as the operations of our suppliers and service providers, and impact the demand for raw materials. The global effects of the outbreak of the COVID-19 could have impacts to revenue, earnings and cash flows, increased volatility in financial markets and foreign currency exchange rates. The effects could have a negative impact on aluminum and titanium prices and cause governmental actions to contain the outbreak which may impact

our ability to transport or market our concentrate or cause disruptions in our supply chains or interruption of production.

The COVID-19 outbreak has had a limited effect on our reported financial results to date, but it and the future emergence and spread of a similar or other infectious diseases and viruses, could in the future significantly impact our operations, create supply chain challenges and disruptions, and/or limit our ability to timely sell or distribute our products in the future, which would negatively impact our business, financial condition and operating results. MDA cannot estimate the duration and severity of any such outbreak and its financial impact. As such, the extent to which COVID-19 or any other outbreak may have a sustained impact on our results is uncertain and it is possible that our future results may be negatively impacted.

MDA 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.

**MDA 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.**

MDA 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. MDA has in the past, or currently, implemented these investments in the form of work-in-progress, performance guarantees, or bridge financing indemnification of third-party lenders. MDA 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 MDA. In addition, if a customer defaults on an obligation to MDA or to an indemnified third party, this could have a significant impact on our business and results of operations. Financing provided both by MDA and third-party financing arranged by MDA may be linked to our ability to deliver the satellite in orbit. If MDA cannot achieve a successful in orbit delivery, MDA could be liable for repayment of amounts received from third party finance providers and could forfeit amounts financed by MDA and any future amounts that would otherwise been earned. MDA 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.

**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.

**Our continued growth in the commercial satellite market is dependent on the growth in the sales of services provided by our customers as well as the development by our customers of new services.**

Our growth in the commercial satellite market is dependent on the growth in the sales of services provided by our customers as well as the development by our customers of new services. If MDA fails to anticipate changes in the businesses of its customers and their changing needs, or fails to successfully identify and enter new markets, our results of operations and financial position could be adversely affected. The markets that MDA serves may not grow in the future and MDA 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 our customers could have a material adverse effect on the demand for our products and services and have a material adverse effect on our business, results of operations and financial condition.

**Our business strategy is in part dependent on our ability to formulate corporate alliances with leading companies.**

A key element of our business strategy is the formation of corporate alliances with leading companies. MDA invests significant resources to develop these relationships. MDA 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 MDA 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 our revenues and financial condition.

**The market may not accept our products and services.**

MDA 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 our 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 our offerings, delays in acceptance, failure of certain markets to develop or our need to make significant investments to achieve acceptance by the market would negatively affect its business, financial condition and results of operations. 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.

**MDA 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.**

MDA 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, MDA 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 our flexibility to reduce workforce costs in the event of a slowdown or downturn in its business. In addition, the manufacturing and test facilities that MDA 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 our customers have specific security requirements that can change quickly and with little notice.**

Many of our 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 MDA and the ability of

MDA to participate in future business. Any reduction or elimination of work could have an adverse effect on the revenues and margins of MDA.

**Fluctuations in foreign exchange rates could have a negative impact on our business.**

Our financial results are reported in Canadian dollars. A substantial portion of our revenues and expenses are denominated in U.S. dollars.

MDA 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, MDA could be exposed to the risk of non-performance of its hedging counterparties. MDA 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 our reported consolidated revenues, expenses, assets, liabilities and earnings. In addition, the strengthening of the Canadian dollar relative to other foreign currencies may negatively impact our competitiveness and increase pressure on margins for new work.

**Our business involves significant risks and uncertainties that may not be covered by insurance.**

MDA 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 MDA. There can be no assurance that such insurance will remain available to MDA at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by MDA. If MDA 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 MDA may not be able to obtain insurance coverage for in-orbit satellites in the future. Any determination that MDA 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 our 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 our insurance may increase in the future. Higher premiums on insurance policies will reduce our 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 MDA can obtain or MDA may not be able to obtain insurance at all.

**Current or future litigation could substantially harm our business.**

MDA 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 our 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 our business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of MDA. 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 our contracts are classified, which may limit investor insight into portions of our business.**

MDA 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. MDA 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 our classified programs than its other businesses and, therefore, less ability to fully evaluate the risks related to our classified business.

**MDA and/or its subsidiaries are required to post letters of credit or other forms of bonds and parental guarantees under a number of our contracts.**

In the case of a number of the contracts of MDA, letters of credit or other forms of bonds and parental guarantees are required to be posted by MDA or its subsidiaries to cover advance payments or progress payments received by MDA and its subsidiaries, or to cover our 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 MDA.

**The forward-looking information contained herein may prove to be incorrect.**

The forward-looking information relating to, among other things, future results, performance, achievements, prospects or opportunities of MDA included in this AIF are based on opinions, assumptions and estimates made by MDA in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors MDA 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 MDA in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by MDA that actual results achieved by MDA in the future will be the same, in whole or in part, as those included in this AIF.

**Growth may place significant demands on our management and infrastructure.**

Our growth may place significant demands on our management and our operational and financial infrastructure. The expansion of our 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 our ability to maintain reliable products and service levels for our clients, develop and improve our operational, financial and management controls, enhance our reporting systems and procedures and recruit, train and retain highly-

skilled personnel. Managing our 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 our business performance and results of operations.

**MDA incurs 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, we incur significant legal, accounting, and other expenses. We are subject to the reporting requirements of the Ontario Securities Commission (“OSC”) and the rules and regulations of the TSX. These requirements have increased and will continue to increase our legal, accounting, and financial compliance costs and have made, and will continue to make, some activities more time-consuming and costly. These rules and regulations make it more expensive for us to obtain director and officer liability insurance on an ongoing basis, and we may in the future be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors (our “Board”) or as our executive officers. As a result of the foregoing, we expect to incur legal, accounting, insurance and certain other expenses, which may negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

**If MDA cannot maintain its corporate culture, MDA could lose valuable qualities from its workforce.**

MDA believes that its corporate culture is a critical component of its success. As MDA develops the infrastructure of a public company and continues to grow, MDA may find it difficult to maintain these valuable aspects of its corporate culture. Failure to preserve its corporate culture could negatively impact our future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

**Increased public awareness and growing concerns about climate change and the global transition to a low carbon economy could result in a broad range of impacts and may adversely impact MDA.**

Increased public awareness and growing concerns about climate change and the global transition to a low carbon economy could result in a broad range of impacts, including potential strategic, reputational and structural related risks for MDA and its business partners, and the emergence and evolution of additional environmental and climate change regulations, frameworks, and guidance. Increasing regulatory expectations and policy guidelines from proxy advisory services create a new set of compliance risks that need to be managed. Global climate change also results in regulatory risks which vary according to the national and local requirements implemented by each jurisdiction where MDA operates.

**Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third party claims against MDA and may reduce the amount of money available to it.**

MDA has indemnification agreements with each of its directors and officers. The indemnification agreements will generally require that MDA indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees’ service to MDA as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of MDA 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 will also provide for the advancement of defence expenses to the indemnitees by MDA provided that the indemnitees must repay all advances if it is finally determined that the indemnitees are not entitled to indemnification under the agreements or the payment of any costs is prohibited by applicable law. The obligation to repay advances of defence expenses will be unsecured and no interest will be charged thereon. Any claims for indemnification by our directors and officers may

reduce our available funds to satisfy successful third party claims against MDA and may reduce the amount of money available to it.

**MDA may not realize our anticipated return on capital commitments made to expand our capabilities.**

From time to time, MDA makes significant capital expenditures to implement new processes and to increase both efficiency and capacity. Some of these projects require additional training for our employees and not all projects may be implemented as anticipated. If any of these projects do not achieve the anticipated increase in efficiency or capacity, our returns on these capital expenditures may not be as expected.

**Negative publicity could result in a decline in our client growth and our 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. Our reputation is very important to attracting new clients as well as reaching additional agreements with existing clients. There can be no assurance that MDA will continue to maintain good relationships with its clients or avoid negative publicity. Any damage to our reputation, whether arising from its conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting its financial reporting or compliance with the OSC and TSX listing requirements, security breaches or otherwise could have a material adverse effect on its business.

**Our risk management efforts may not be effective.**

MDA could incur substantial losses and its business operations could be disrupted if MDA 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. Our risk management policies, procedures and techniques may not be sufficient to identify all of the risks MDA is exposed to, mitigate the risks that MDA has identified or identify concentrations of risk or additional risks to which MDA may become subject in the future.

**MDA may incur operating losses in the future.**

MDA 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 our revenue does not grow to offset these increased expenses, MDA may not be profitable. MDA cannot assure the investors that it will be able to achieve or maintain profitability. Investors should not consider historical revenue growth as indicative of our future performance.

**Pension and other postretirement benefit obligations may materially impact our earnings, shareholders' equity and cash flows from operations, and could have a significant adverse impact in future periods.**

MDA 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. MDA 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 our benefit obligations.

Significant changes in actual return on pension assets, discount rates, and other factors could adversely affect our results of operations and require cash pension contributions in future periods. Changes in discount rates and actual asset returns different than our expected asset returns can result in significant non-cash actuarial gains or losses which MDA 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 our 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.

MDA also provides other postretirement benefits to certain employees, consisting principally of health care, dental and life insurance for eligible retirees and qualifying dependents. Our 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.

**Our by-laws provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to the internal affairs of MDA will be required to be litigated in Canada, which could limit an investor's ability to obtain a favourable judicial forum for disputes with MDA.**

Our by-laws include a forum selection provision that provides that, unless MDA 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 our behalf; (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to MDA; (c) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or the articles or the by-laws of MDA (as either may be amended from time to time); or (d) any action or proceeding asserting a claim otherwise related to the relationships among MDA, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by MDA or its affiliates and their respective shareholders, directors and/or officers. Our by-laws also provide that our 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 our 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 our 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 our forum selection by-law inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, MDA may incur additional costs associated with resolving such matters in other jurisdictions and MDA may not obtain the benefits of limiting jurisdiction to the courts selected.

**It may be difficult or impossible for investors to enforce judgements against foreign subsidiaries and resident directors or officers of MDA.**

Certain of our wholly-owned subsidiaries are organized under the laws of foreign jurisdictions and certain of the directors and officers of MDA 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 OUR COMMON SHARES**

**There is no guarantee that our Common Shares will earn any positive return in the short term or long term.**

A holding of our Common Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of our Common Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

**The price of our Common Shares may be volatile and may decline regardless of our operating performance.**

The price of our Common Shares has fluctuated in the past and we expect it to fluctuate in the future, and it may decline. The trading prices of technology companies' securities have been, and we expect them to continue to be, highly volatile. The market price of our Common Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- actual or anticipated fluctuations in our revenue and other results of operations, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the size of our public float;
- price and volume fluctuations in the trading of our Common Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- changes in our Board or management;
- short sales, hedging, and other derivative transactions involving our Common Shares;
- sales or perceived sales, or announcement of potential future sales, of our Common Shares including sales by our executive officers, directors, and significant shareholders;
- sales or perceived sales of additional Common Shares;
- release or expiration of transfer restrictions on outstanding Common Shares (including Common Shares subject to lock-up restrictions);
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets; and



- other events or factors, including changes in general economic, industry, political, social, and market conditions, and trends, including the COVID-19 pandemic, as well as any natural disasters, which may affect our operations.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Share prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management, and harm our business.

**Future sales, or the perception of future sales of Common Shares by existing shareholders could cause the price of our Common Shares to decline.**

In addition, certain holders of options and other share-based awards will have an immediate income inclusion for tax purposes when they exercise their options or when their other awards are share-settled (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options or issued upon share settlement of share-based awards in the same year that they exercise their options or in which their share-based awards are share-settled. This might result in a greater number of Common Shares being sold in the public market, and reduced long-term holdings of Common Shares by our management and employees.

**Our constating documents permit us to issue additional securities in the future, including Common Shares without additional shareholder approval.**

Our articles permit us to issue an unlimited number of Common Shares. We anticipate that we will, from time to time, issue additional Common Shares in the future, including in connection with potential acquisitions. Subject to the requirements of the TSX, we will not be required to obtain the approval of shareholders for the issuance of additional Common Shares. Any further issuances of Common Shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings.

**If securities or industry analysts do not publish research or reports about our business, or if they downgrade our Common Shares, the price of our Common Shares could decline.**

The trading market for our Common Shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our Common Shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of our Common Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Common Shares could decrease, which might cause the price and trading volume of our Common Shares to decline.

**Our issuance of additional Common Shares or other securities that are convertible or exchangeable into Common Shares in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other shareholders.**

We expect to issue additional securities in the future that will result in dilution to all other shareholders. We expect to grant equity awards to employees, directors, and consultants under MDA's omnibus equity incentive plan (the "Omnibus Plan"). As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional Common Shares or other securities that are convertible or exchangeable into Common Shares may cause shareholders to

experience significant dilution of their ownership interests and the per share value of our Common Shares to decline.

We may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' voting power and percentage ownership of our Common Shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of our Common Shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favourable to us, or at all. A failure to obtain additional funding could prevent us from making expenditures that may be required to implement our growth strategy and grow or maintain our operations.

**We generally do not intend to pay dividends for the foreseeable future.**

We generally do not intend to pay dividends to the holders of our Common Shares for the foreseeable future. Our ability to pay dividends on our Common Shares is limited by our existing indebtedness, and may be further restricted by the terms of any future debt incurred or preferred securities issued by us or our subsidiaries or law. Payments of future dividends, if any, will be at the discretion of our Board after taking into account various factors, including our business, financial condition, and results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on our ability to pay dividends. As a result, any capital appreciation in the price of our Common Shares may be your only source of gain on your investment in our Common Shares.

**Shareholders have limited control over our operations.**

Shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our shares. The Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the shareholders. Shareholders only have a right to vote in certain circumstances. The Board's broad discretion in setting policies and the limited ability of shareholders to exert control over those policies increases the uncertainty and risks of an investment in our shares.

## Dividends

MDA currently intends to retain any future earnings to fund the development and growth of our business and/or to pay down debt and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the sole discretion of our Board of Directors and will be dependent upon our results of operations, financial condition, cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other relevant factors. MDA cannot assure investors as to the amount or timing of any dividends in the future.

## Description of Capital Structure

*The following description of our share capital summarizes certain provisions contained in our articles and by-laws. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our articles and by-laws, which have been filed under our profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).*

## SHARE CAPITAL INFORMATION OF MDA

MDA is currently authorized to issue an unlimited number of Common Shares. As of December 31, 2023, there were 119,594,302 Common Shares issued and outstanding.

### 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 in the Common Shares.

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

## Market for Securities

### COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the symbol "MDA". The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX for the periods indicated:

MONTH	HIGH (C\$)	LOW (C\$)	VOLUME
January 2023	6.90	6.16	1,734,565
February 2023	8.20	6.40	2,001,244
March 2023	8.19	6.75	3,216,807
April 2023	7.13	6.34	2,464,369
May 2023	8.73	6.21	3,462,826
June 2023	8.75	7.81	2,129,587
July 2023	8.50	7.72	858,621
August 2023	11.20	8.22	3,379,534
September 2023	12.21	10.31	3,120,158
October 2023	12.66	11.15	3,028,455
November 2023	12.48	10.76	4,816,759
December 2023	12.30	11.10	3,511,908

## Prior Sales

During the year ended December 31, 2023, MDA granted an aggregate of 771,269 stock options to acquire an aggregate of 771,269 Common Shares with a weighted average exercise price of \$10.54.

During the year ended December 31, 2023, MDA granted an aggregate of 755,277 restricted share units with a weighted average issue price of \$7.30, an aggregate of 111,167 deferred share units with a weighted average issue price of \$8.94 and an aggregate of 279,747 performance share units with a weighted average issue price of \$7.28.

## Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

### EMPLOYEE TRUST

In connection with the IPO, we settled the Employee Trust, the beneficiaries of which are certain executive officers and employees of MDA as of the date of closing of the IPO. The Employee Trust was established in consideration for past and ongoing services to MDA by such executive officers and employees and in some cases in furtherance of agreements made by MDA in its offers of employment to such executive officers and employees. The Common Shares held in the Employee Trust vest in tranches over time from the date of the closing of the IPO until December 31, 2025, and are subject to certain other 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 our Omnibus Plan.

DESIGNATION OF CLASS	NUMBER OF SECURITIES HELD IN ESCROW OR THAT ARE SUBJECT TO A CONTRACTUAL RESTRICTION ON TRANSFER AS OF DECEMBER 31, 2023	PERCENTAGE OF CLASS AS OF DECEMBER 31, 2023
Common Shares	79,383 <sup>(1)</sup>	0.67%

**Notes:**

(1) 79,383 Common Shares held by the Employee Trust are subject to contractual restrictions pursuant to the terms of the employee share trust agreement that governs the terms of such Common Shares.

## Directors and Executive Officers

Pursuant to the articles of MDA, our Board of Directors shall consist of a minimum of three and a maximum of 20 directors. The directors of MDA shall hold office until the next annual meeting of shareholders or until their resignation or removal or until their respective successors have been duly elected or appointed.

### NAME, OCCUPATION AND SECURITY HOLDINGS

The following are the names and municipalities of residence of our directors and executive officers as of December 31, 2023, their positions and offices with MDA and corresponding start dates, and their principal occupations during the last five years:

NAME, PROVINCE OR STATE AND COUNTRY OF RESIDENCE	OFFICE HELD WITH MDA	DIRECTOR AND/OR EXECUTIVE OFFICER SINCE	PRESENT PRINCIPAL OCCUPATION AND POSITIONS HELD <sup>(2)</sup>
<b>Directors</b>			
Alison Alfors <sup>(6)(7)</sup> Wyoming, USA	Director	May 11, 2022	Corporate Director

NAME, PROVINCE OR STATE AND COUNTRY OF RESIDENCE	OFFICE HELD WITH MDA	DIRECTOR AND/OR EXECUTIVE OFFICER SINCE	PRESENT PRINCIPAL OCCUPATION AND POSITIONS HELD <sup>(2)</sup>
<b>Yaprak Baltacioglu, CM, ICD.D</b> <sup>(5)(6)(8)</sup> Ontario, Canada	Director	March 18, 2021	Corporate Director
<b>Darren Farber</b> <sup>(4)</sup> Maryland, USA	Director	March 18, 2021	Founder and Managing Partner of Albion River LLC
<b>Michael Greenley</b> <sup>(1)(9)</sup> Ontario, Canada	Chief Executive Officer and Director	March 18, 2021	Chief Executive Officer and Director of MDA
<b>Brendan Paddick, ICD.D</b> <sup>(4)</sup> Freeport, Bahamas	Director	March 18, 2021	Chief Executive Officer of Columbus Capital Corporation
<b>John Risley</b> <sup>(3)</sup> Nova Scotia, Canada	Director	March 18, 2021	Chief Executive Officer of CFFI Ventures Inc.
<b>Jill Smith</b> <sup>(5)(6)(10)</sup> Massachusetts, USA	Director	March 18, 2021	Corporate Director
<b>Louis Vachon</b> <sup>(4)(5)(11)</sup> Quebec, Canada	Director	May 11, 2022	Corporate Director
<b>Yung Wu</b> <sup>(4)(12)</sup> Ontario, Canada	Director	February 14, 2024	Chair of NFQ Ventures Ltd.
<b>Officers</b>			
<b>Vito Culmone</b> <sup>(13)</sup> Alberta, Canada	Chief Financial Officer	March 6, 2021	Chief Financial Officer of MDA
<b>Luigi Pozzebon</b> <sup>(14)</sup> Quebec, Canada	Vice President, Satellite Systems	April 24, 2023	Vice President, Satellite Systems of MDA
<b>Minda Suchan</b> <sup>(15)</sup> British Columbia, Canada	Vice President, Geointelligence	November 9, 2020	Vice President, Geointelligence of MDA
<b>Holly Johnson</b> <sup>(16)</sup> Ontario, Canada	Vice President, Robotics & Space Operations	June 23, 2022	Vice President, Robotics & Space Operations of MDA
<b>David Snarch</b> <sup>(17)</sup> British Columbia, Canada	Vice President, General Counsel & Corporate Secretary	November 2, 2023	Vice President, General Counsel & Corporate Secretary of MDA
<b>Other Executive Officers</b>			
<b>Stephanie McDonald</b> <sup>(18)</sup> Ontario, Canada	Chief People, Culture and Transformation Officer	July 4, 2023	Chief People, Culture and Transformation Officer of MDA



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**Notes:**

- (1) The Board has determined that Michael Greenley, the Chief Executive Officer of MDA, is not considered independent.
- (2) Each of the persons has held these positions for five years other than as described below.
- (3) Chair of the Board.
- (4) Member of the Audit Committee.
- (5) Member of the Nominating & Governance Committee.
- (6) Member of the Human Resources, Development & Compensation Committee.
- (7) Alison Alferts most recently served as Chief Legal and Risk Officer for Study Group. Prior to joining Study Group, Ms. Alferts held executive positions including Chief Legal and Administrative Officer for HawkEye 360 Inc., General Counsel and VP Defense and Intelligence for Digital Globe, Inc., General Counsel for Space Imaging, Inc., and Chief Legal Officer for Cherwell Software.
- (8) Yaprak Baltacioglu was the Deputy Minister of a number of Federal Government Departments including Treasury Board, Transport and Infrastructure 2004-2018.
- (9) Prior to becoming the Chief Executive Officer and Director of MDA, Michael Greenley was Group President of MDA (subsidiary of Maxar Technologies ULC) from January 2018 to April 7, 2020, Sector President of L-3 WESCAM from September 2016 to January 2018 and Vice President and General Manager of CAE Canada from September 2013 to September 2016.
- (10) 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.
- (11) Prior to becoming a Director of MDA, Louis Vachon served as President and Chief Executive Officer of National Bank from June 2007 to October 2021.
- (12) Yung Wu is the recently retired CEO of MaRS Discovery District, one of the world's largest innovation hubs with over 1,200 companies in the health, cleantech, fintech, and platform technologies sectors, at all stages of growth and scale.
- (13) Prior to becoming the Chief Financial Officer of MDA, 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 MDA, Luigi Pozzebon was Vice President, Payloads at MDA for 16 years.
- (15) Prior to becoming the Vice President, Geointelligence of MDA, Minda Suchan was the managing director at Riverside Research.
- (16) Prior to becoming the Vice President, Robotics & Space Operations, Holly Johnson was Acting Vice President, Robotics & Space Operations at MDA, and previously held various positions of increasing responsibility within MDA, including Vice President, Operations.
- (17) Prior to becoming the Vice President, General Counsel and Corporate Secretary of MDA, David Snarch was Assistant General Counsel of MDA, and previously held various positions of increasing responsibility within MDA, including Director, Legal.
- (18) Prior to becoming the Chief People, Culture and Transformation Officer of MDA, Stephanie McDonald most recently served as Chief Human Resources Officer at Ontex, a leading global manufacturer of personal hygiene products with over 9,000 employees and customers in more than 110 countries. Prior to Ontex, she served in a number of executive and leadership roles within international companies including Parkland Corporation and Holcim.

## **Security Holdings**

As at the date of this AIF, as a group, the directors and executive officers of MDA owned, controlled or directed, directly or indirectly, 5,539,026 Common Shares, representing approximately 4.63% of the issued and outstanding Common Shares. The foregoing does not take into account Common Shares to be issued upon the potential exercise of stock options, or Common Shares held by the Employee Trust.

## **DIRECTORS**

### **Alison Alferts**

Ms. Alferts most recently served as Chief Legal and Compliance Officer for Study Group Ltd., a global higher education company based in London, England. Prior to joining Study Group, Ms. Alferts spent more than fifteen years in the commercial space and software sectors. Ms. Alferts has held various executive positions, including Chief Legal and Administrative Officer for HawkEye 360, Inc., an early-stage growth company in spectrum-based radio frequency analytics, General Counsel and VP Defense and Intelligence for Digital Globe, Inc., General Counsel for Space Imaging, Inc., as well as Chief Legal Officer for Cherwell Software. Ms. Alferts holds a Juris Doctor from the University of Arizona, a Master of Public Health from George Washington University and a Bachelor of Arts from Arizona State University.

### **Yaprak Baltacioglu, CM, ICD.D**

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. 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. 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.

### **Darren Farber**

Mr. Farber currently serves on a number of boards and is the Founder and Managing Partner 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. Mr. Farber holds a Quebec Diploma of College Studies from Dawson College.

### **Michael Greenley**

Mr. Greenley is the Chief Executive Officer of MDA. 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 is Chair of Space Canada's Board of Directors and is a member of the Business Council of Canada. He 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 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. Mr. Greenley holds a Bachelor of Science and a Masters of Science from University of Waterloo, as well as an Executive Leadership Development certificate from The Wharton School.

### **Brendan Paddick, ICD.D**

Mr. Paddick is the CEO of Columbus Capital Corporation and the Founder and former CEO of Columbus Communications Inc. Mr. Paddick is the former Chair of the Board of Directors of Nalcor Energy and

Churchill Falls (Labrador) Corporation from 2016 to 2022 and is a director and member of the audit committee of Liberty Latin America Ltd. (Nasdaq: LILA), a leading telecommunications company with operations in over 40 countries across Latin America and the Caribbean. He is also a director and chair of the audit committee of Bahamas Telecommunications Corporations (BTC). Mr. Paddick also has served on the board and as a member of the audit committee of Clearwater Seafoods Incorporated (formerly listed on the TSX) and Cable & Wireless Communications PLC (formerly listed on the London Stock Exchange). 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 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. Mr. Paddick also holds his ICD.D designation from the Rotman School of Management/Institute of Corporate Directors.

### **John Risley**

Mr. Risley was the co-founder of Clearwater Seafoods and serves as Chairman, President and Chief Executive Officer of CFFI Ventures Inc., an active investment and holding company with its major investments in renewable energy, financial services ventures and Northern Private Capital, an investment fund co-formed by CFFI Ventures Inc. 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. Most recently, Ms. Smith served as the President and Chief Executive Officer of Allied Minds, a technology commercialization company, and prior to that she served as Chairman, Chief Executive Officer and President of DigitalGlobe Inc., a global provider of satellite imagery products and services. Ms. Smith started her career as a consultant at Bain & Company, where she rose to become Partner. She subsequently joined Sara Lee as Vice President, and went on to serve as President and Chief Executive Officer of SRDS, a business-to-business publishing firm, and eDial, a VoIP collaboration company. She also served as Chief Operating Officer of Micron Electronics, and co-founded Treacy & Company, a consulting and boutique investment business. Ms. Smith currently serves as a director of Aspen Technology Inc., R1 RCM Inc., and Check Point Software Technologies Ltd. She previously served as a director of Circor International Inc., Gemalto NV, Endo International, and Hexagon AB. Ms. Smith earned an MSc in Management from MIT Sloan School of Management.

### **Louis Vachon**

Mr. Vachon served as President and Chief Executive Officer of National Bank from June 2007 to October 2021. Prior to his appointment, Mr. Vachon was Chief Operating Officer of National Bank from 2006 to 2007 and Chairman of the Board of National Bank Financial and Natcan Investment Management from 2005 to 2006. Mr. Vachon also served as Chief Executive Officer of National Bank Financial prior to joining its Board. Mr. Vachon is a member of the Order of Canada, Officer of the National Order of Quebec and Knight of the Order of Montreal. He has also been recognized through a variety of awards, including CEO of the Year by Canadian business magazine in 2014, Financial Personality of the Year by Quebec business publication Finance et Investissement in 2014, and Canada's Top 40 under 40 in 2001. Mr. Vachon holds a Master's degree in international finance from The Fletcher School at Tufts, and a BA in economics from Bates College. He is also a CFA charter holder.

## **Yung Wu**

Yung is the recently retired CEO of MaRS Discovery District, one of the world's largest innovation hubs with over 1,200 companies in the health, cleantech, fintech, and platform technologies sectors, at all stages of growth and scale. Under Mr. Wu's leadership, MaRS's innovation community grew by over 450% in six years, raising over \$17 billion in capital and contributing over \$23 billion to Canada's GDP. Mr. Wu has been recognized as one of Canada's "Top 40 under 40" and for leading one of Canada's "50 Best Managed Private Companies" in the nation. He is also a member of MENSA, the Young Presidents Organization (YPO) and the Institute of Corporate Directors (ICD.D) and the National Association of Corporate Directors (NACD). Mr. Wu holds a Bachelor of Science in Computer Science, Economics and Mathematics from the University of Toronto and is a graduate of the Entrepreneurial Masters Program from the Massachusetts Institute of Technology.

## **OFFICERS**

### **Vito Culmone, Chief Financial Officer**

Mr. Culmone brings 34 years of financial and operations expertise, serving as a chief financial officer for the last 15 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, passionate about transformation and 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 and 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 at Price Waterhouse, where he also completed his designation as a Chartered Accountant. In January 2021, Mr. Culmone was recognized as a Fellow of the Chartered Professional Accountants profession, the highest distinction conferred upon its members. Mr. Culmone also serves as a Board member and Chair of the audit committee for EPCOR. EPCOR builds, owns and operates electrical, natural gas and water transmission and distribution networks, water and wastewater treatment facilities, sanitary and stormwater systems, and infrastructure in Canada and the United States.

### **Luigi Pozzebon, Vice President, Satellite Systems**

Mr. Pozzebon is a long-term member of MDA's Satellite Systems engineering and management team and is widely respected executive in the global satellite industry. Mr. Pozzebon brings more than 33 years of experience to his current role as MDA's Vice-President of Satellite Systems. He is responsible for MDA's state-of-the-art satellite design and manufacturing facilities, including its high-volume satellite production facility. In his decades-long career, he has played an instrumental role in some of the most complex satellite technology programs that have fundamentally changed the space industry in the fields of robotics, SAR, navigation, and satellite communications, in a wide range of functions including digital engineering, system engineering, engineering management, chief architect, business execution, business leadership and strategy development. Prior to working at MDA, he was Project Engineer at CMC Electronics where he was responsible for the design of an all-glass large-format high resolution cockpit display product, with night vision (NVIS) option, and a family of Flight Management Systems products for modern digital cockpits in fixed and rotary wing aircraft for both civil and military applications. Mr. Pozzebon holds an Honors Bachelor of Engineering degree from McGill University.

### **Dr. Minda Suchan, Vice President, Geointelligence**

Dr. Suchan has an extensive leadership background in the U.S. defence and intelligence community with over 28 years of experience in business operations, strategy and development, acquisition integration, engineering management, and technology portfolio investments. 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 was 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, holding progressively senior positions in business development and strategy, including the National Reconnaissance Office account manager with Raytheon Corporate U.S. business development. Dr. Suchan earned a B. A. Degree from the College of St. Catherine, followed by a Ph.D. at the University of Southern California.

### **Holly Johnson, Vice President, Robotics & Space Operations**

Ms. Johnson has an extensive 14-year career in the robotics and space operations industry, with experience in systems engineering, business development, business leadership, operations management and strategy development. Ms. Johnson most recently led business transformation initiatives as the Vice President of Operations at MDA, working with the executive leadership team to modernize and harmonize practices and systems in human resources, finance, information technology, marketing and business operations. During her tenure in the Operations group, Ms. Johnson played a key role in corporate development initiatives, including the sale of MDA in 2019 to a Canadian-based private equity group, the subsequent divestiture and establishment of stand-alone operations as a private company, taking MDA through its initial public offering and other mergers and acquisitions activity. Ms. Johnson started her career at MDA in 2010 as a systems engineer working on Canadarm space robotics programs, medical robotics technology and early design concepts for Canadarm3 and other large projects. Following this, she leveraged her engineering skills and industry expertise to hold a multi-year term as Business Development Manager in the robotics division, where she engaged with commercial space customers to develop solutions for on-orbit robotics systems and interfaces. Ms. Johnson has a Bachelor's of Applied Science degree in Mechanical Engineering from the University of Toronto and is a member of Professional Engineers Ontario. In 2019, Ms. Johnson received a top 40 under 40 recognition, and was presented with the University of Toronto Alumni Network's Early Career Award. She was also recognized for her professional accomplishments in 2016 when she received the Northern Lights Aero Foundation Rising Star Award.

### **David Snarch, Vice President, General Counsel and Corporate Secretary**

Mr. Snarch has an extensive background in corporate law, with experience in mergers & acquisitions, corporate securities, financing transactions, regulatory matters, litigation, and general corporate and commercial law. Mr. Snarch joined MDA in April 2016 and has held various positions of increasing responsibility within MDA's Legal team. Prior to joining MDA in 2016, Mr. Snarch was a practicing corporate lawyer at a leading Canadian law firm. Mr. Snarch received a Bachelor of Arts degree in International Relations from the University of British Columbia in 2006 and a Juris Doctor degree from the University of Ottawa Law School in 2011. He was admitted to the British Columbia Bar in 2012.



## AUDIT COMMITTEE INFORMATION

As of the date of this AIF, our Audit Committee consists of Brendan Paddick (Chair), Darren Farber, Louis Vachon and Yung Wu, each of whom is and must at all times be financially literate. All of the Audit Committee members are considered independent within the meaning of National Instrument 52-110 – *Audit Committees*. In addition to each member’s general business experience, 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”. Each of the Audit Committee members has adequate education and/or experience that will be relevant to his performance as an Audit Committee member, including broad experience reviewing financial statements and dealing with related accounting and auditing issues.

Our 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. As of the date of this AIF, the text of the Charter of the Audit Committee is appended hereto as Appendix A.

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 our Board until the member resigns, is removed, or ceases to be a member of the Board.

All non-audit services exceeding \$50,000 in any fiscal year to be provided by MDA’s external auditor are required to be pre-approved by the Audit Committee.

## EXTERNAL AUDIT SERVICE FEES

The fees billed to MDA by its auditor for fiscal 2023 and fiscal 2022 were as follows:

YEAR	AUDIT FEES <sup>(1)</sup>	AUDIT-RELATED FEES <sup>(2)</sup>	TAX FEES <sup>(3)</sup>	ALL OTHER FEES <sup>(4)</sup>
2023	\$1,648,865	\$18,725	\$249,409	\$464,827
2022	\$1,540,525	\$32,368	\$129,097	-

### Notes:

- (1) Total fees earned for professional services provided by the external auditor for the review of the interim financial statements, audits of the annual financial statements, the review of financial accounting and reporting matters including new accounting standards. Annual audit fees are reported in the above table on an accrual basis regardless of when billed.
- (2) Total fees earned for special purpose attestation services.
- (3) The aggregate fees incurred for professional services rendered for tax compliance, tax advice and tax planning, including the preparation of corporate tax returns and general tax advisory services.
- (4) The aggregate fees incurred for products and services other than set out under the headings, “Audit Fees”, “Audit Related Fees” and “Tax Fees”. For 2023, “All Other Fees” is comprised of fees related to strategic transaction activity of a one-time nature.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of MDA, except as set forth below:

- (a) no director or executive officer of MDA (or a personal holding company of such person) is, as at the date of this AIF or was within the last 10 years, a director, chief executive officer or chief financial officer of any company (including MDA) 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) 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, chief executive officer or chief financial officer;

- (b) no director or executive officer of MDA, and no shareholder holding a sufficient number of securities of MDA to affect materially the control of MDA, (i) is, as at the date of this AIF, or has been within the last 10 years, a director or executive officer of any company (including MDA) 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 AIF, 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 US\$92,383 for each entity.

### **CONFLICTS OF INTEREST**

To the knowledge of MDA, there are no existing or potentially material conflicts of interest between MDA or a subsidiary of MDA and any director or officer of MDA or of a subsidiary of MDA, other than as described elsewhere in this AIF.

## **Legal Proceedings and Regulatory Actions**

MDA is from time to time involved in legal proceedings of a nature considered normal to its business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

## **Interest of Management and Others in Material Transactions**

To the knowledge of MDA, there are no material interests, direct or indirect, of any of MDA's directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of MDA's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect MDA or any of its subsidiaries.

## **Transfer Agent and Registrar**

MDA's transfer agent and registrar is TSX Trust Company located at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1.

## Material Contracts

This AIF includes a summary description of certain of our material contracts. The summary describes the material attributes of each of the material contracts and is subject to, and qualified by reference to the terms of the relevant material contract, which have been filed with the Canadian securities regulatory authorities and made available under our profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

The following are the only material agreements of MDA entered into within the last financial year or which are still in effect, other than contracts entered into in the ordinary course of business:

- the underwriting agreement dated April 1, 2021, among MDA, BMO Nesbitt Burns Inc., Morgan Stanley Canada Limited, Scotia Capital Inc., Barclays Capital Canada Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., CIBC World Markets Inc., National Bank Financial Inc. and Stifel Nicolaus Canada Inc.; and
- the amended and restated credit agreement between Neptune Operations Ltd. and a syndicate of lenders dated May 4, 2022, for a revolving term credit facility in the aggregate amount of \$600,000,000 (the “**Credit Agreement**”).

## Experts

MDA’s auditor, KPMG LLP, Chartered Accountants, located at 100 New Park Place, Suite 1400, Vaughan, ON, L4K 0J3 has audited the consolidated financial statements of MDA as at December 31, 2023 and for the year then ended. KPMG LLP has advised 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.

To the knowledge of MDA, none of the experts so named (or any of the designated professionals thereof) held securities representing more than 1% of all issued and outstanding Common Shares as at the date of the statement, report or valuation in question.

## Additional Information

Additional information relating to MDA may be found at SEDAR+, which can be accessed at [www.sedarplus.com](http://www.sedarplus.com). Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of MDA’s securities and securities authorized for issuance under equity compensation plans, if applicable, will be contained in our information circular for our upcoming annual meeting of shareholders. Additional financial information is provided in our financial statements and management’s discussion and analysis for the financial year ending December 31, 2023.

## Glossary of Terms

“**AIF**” means this Annual Information Form.

“**AOS**” means Airbus OneWeb Satellites, LLC.

“**Board**” or “**Board of Directors**” means the board of directors of MDA.

“**Common Shares**” means the common shares of MDA.

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

“**COVID-19**” means the novel coronavirus named COVID-19.

“**Credit Agreement**” has the meaning set out under the heading “Material Contracts”

“**CSA**” means the Canadian Space Agency.

“**CSC**” means the Canadian Surface Combatant program.

“**DEI**” means Diversity, Equity and Inclusion.

“**EO**” means Earth observation.

“**ESG**” means environmental, social and governance.

“**forward-looking information**” has the meaning set out under the heading “Introduction – Forward-Looking-Information”

“**GEO**” means geosynchronous equatorial orbit.

“**Globalstar**” means Globalstar Inc.

“**IoT**” has the meaning set out under the heading “Description of the Business – Overview”

“**ISAM**” means in-space servicing, assembly and manufacturing.

“**ISS**” means International Space Station.

“**IPO**” has the meaning set out under the heading "General Development of the Business – Financial Initiatives"

“**LEO**” means low Earth orbit.

“**LiDAR**” has the meaning set out under the heading “Description of the Business – Robotics & Space Operations”

“**MEO**” means medium Earth orbit.

“**NGSO**” means non geostationary orbit, which includes LEO and MEO.

“**NI 52-109**” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filing*.

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**Omnibus Plan**” means MDA’s omnibus equity incentive plan, pursuant to which MDA may grant long-term incentives consisting of stock options, performance share units and/or restricted share units to its executive officers and employees.

“**OSC**” means the Ontario Securities Commission.

“**R&D**” means research & development.

“**SAR**” has the meaning set out under the heading “General Development of the Business - Program and Operational Updates”.

“**SDA**” means the U.S. Department of Defense Space Development Agency.

“**SSS**” means SatixFy Space Systems UK Ltd.

“**TSX**” means the Toronto Stock Exchange.

“**UAV**” means unmanned aerial vehicle.



# Appendix A

## Charter of the Audit Committee

This Charter of the Audit Committee (the “**Charter**”) was adopted by the board of directors of the Corporation on January 1, 2022, as amended on November 10, 2022.

### 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 and each of the other individuals who are from time to time appointed to offices of the Corporation by resolution of the Board (together with the Chief Executive Officer, collectively, the “**Executive Officers**”) as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by an Executive Officer 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. Meetings**

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 Chief Financial Officer and the Director, Internal Audit are required to attend all meetings of the Committee.

The Committee may ask the Executive Officers 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 Officers, 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 Officers, the Director, Internal Audit, 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 Officers 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 in consultation with the members of the Committee, the Chief Financial Officer, and the Director, Internal Audit.

#### **5. Committee Activities**

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 Officers 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 Officers assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

**B. Internal Control and Oversight of the Corporation's Enterprise and Financial Risk Management**

- (a) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major enterprise and financial risk exposures and the guidelines, policies and practices regarding enterprise and financial risk assessment and management, including the Corporation's processes for identifying, assessing and managing an effective and comprehensive risk management framework that covers financial, operational, and strategic risks (including regarding those risks related to information security, cyber security and data protection), and crisis management and business continuity planning, and the steps taken by the Corporation 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 enterprise and financial risk assessment and 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, enterprise and financial risk management, laws and regulations.
- (d) Review with the Executive Officers 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 Officers 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 reports from the Executive Officers assessing the adequacy and effectiveness of the Corporation's internal control systems.
- (i) Assess the overall effectiveness of the internal control and enterprise risk management frameworks through discussions with the Chief Financial Officer, the Director, Internal Audit, other applicable Executive Officers, and the external auditors and assess whether recommendations made by the Chief Financial Officer, the Director, Internal Audit or the external auditors have been implemented by the Executive Officers.
- (j) Review an annual report on the Executive Officers' implementation and maintenance of an appropriate enterprise wide risk management process from the Director, Internal Audit.

- (k) To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the Committee will:
  - (A) oversee the Executive Officers' arrangements for the prevention and deterrence of fraud;
  - (B) ensure that appropriate action is taken against known perpetrators of fraud; and
  - (C) challenge the Executive Officers and internal and external auditors to ensure that the Corporation has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

**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 Officers.
- (d) Monitor the relationship between the Executive Officers and the external auditor, including reviewing any Executive Officer letters or other reports of the external auditor discussing any material differences of opinion between the Executive Officers and the external auditor, and resolving disagreements between the external auditor and the Executive Officers.
- (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 Officers 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 Officers, the external asset manager or employees that might interfere with the independence of the external auditor.
- (i) Approve all non-audit services provided by the external auditor and the associated fees (or delegate such approval, as the Committee may determine and as permitted by applicable laws) in accordance with the Board Administrative and Approval Guidelines dated March 16, 2022 (as amended on May 9, 2022, and as may be further amended from time to time) .
- (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 Officers present about (i) any significant risks or exposures facing the Corporation, (ii) internal controls and other steps that the

Executive Officers have 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 Officers 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 Officers and the external auditor in connection with the preparation of the financial statements.
- (d) Where there are significant unsettled issues between the Executive Officers 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 Officers 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.
- (g) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.

#### **E. Oversight of Internal Audit Activity**

- (a) Review and approve the annual internal audit plan, including the charter, staffing, scope and objectives of the internal audit activity, and receiving regular reports on the internal audit results and access to all internal audit reports, including the status of all findings.
- (b) Annually review the budget of the internal audit activity and directing the Chief Financial Officer to make any changes necessary.
- (c) Annually review the performance and independence of the internal audit activity and directing the Chief Financial Officer to make any changes necessary.
- (d) Inquire of the Director, Internal Audit about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards).
- (e) Review the results of an independent external quality assurance review, performed every five years by a qualified assessor or assessment team, of the internal audit activity's conformance with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) and



monitor the implementation of the internal audit activity's action plans to address any recommendations.

#### **F. 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) Approve any changes to the internal auditor, if applicable, or to the reporting lines of the internal auditor.
- (c) Review all material financial statement issues, off balance sheet issues, material contingent obligations and material related party transactions.
- (d) Review with the Executive Officers 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 Officers, the ramification of their use and the external auditor's preferred treatment and any other material communications with the Executive Officers 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.

#### **G. Pension/Retirement Plans**

- (a) Review and oversee the Corporation's pension plans, the coverage afforded by the plans and changes to the plans.
- (b) Review the funding policies for the Corporation's defined benefit plans and where appropriate, recommend the Board's approval of these policies.
- (c) Review the level of the Corporation's contributions to its defined contribution plans and any proposed changes thereto and where appropriate recommend approval of such changes to the Board.
- (d) Monitor administration of each of the pension plans in accordance with the terms of the plans and applicable law.
- (e) Review compliance with minimum funding requirements (if any) prescribed by applicable law and the policies and procedures in place in respect thereof, including requisitioning and reviewing actuarial reports.
- (f) Review and monitor the investment of pension fund assets (in the case of a defined benefit plan), including the policies and procedures in place in respect thereof.
- (g) Review and monitor the performance of the investment managers chosen by the Executive Officers, including the process established for the selection, retention or replacement of any investment manager or advisors.

#### **6. General**

- (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. Complaint Procedures**

- (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.