

MDA Ltd.

Initial Public Offering of Common Shares

~~March 22~~
April 1, 2021

A ~~preliminary base PREP~~final prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the ~~preliminary base PREP~~final prospectus, and any amendment, is required to be delivered with this document.

~~The preliminary base PREP prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final base PREP prospectus has been issued.~~

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the ~~preliminary base PREP prospectus, the final base PREP prospectus, the supplemented PREP~~final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the securities are only being offered to, and this communication is only being distributed to (1) "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act and (2) outside the United States in compliance with Regulation S under the U.S. Securities Act. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed thereto in the ~~preliminary base PREP~~Company's final long-form prospectus. All references to "\$" or "dollars" in this document are to Canadian dollars, unless indicated otherwise.

Terms and Conditions

Issuer:	MDA Ltd. ("MDA" or the "Company")
Offering¹:	Initial Public Offering <u>public offering</u> of 25,000,000 to 31,250,000 common shares (the "28,571,500 Common Shares") from treasury (the "Offering" <u>32,857,225 Common Shares if the Over-Allotment Option is exercised in full</u>)
Offering Price:	C\$16.00–C\$20.00 <u>14.00</u> per Common Share
Issue Amount:	Approximately C\$500 <u>400</u> million
Over-Allotment Option^{1,2}:	The Company has granted the Underwriters an option, exercisable in whole or in part, for a period of 30 days from the Closing Date to purchase up to an additional 4,166,667 <u>4,285,725</u> Common Shares (representing 15% of the Common Shares sold pursuant to the Offering) at the Offering Price to cover over-allotments, if any.
Use of Proceeds:	The Company intends to use approximately \$340 million of the net proceeds of the Offering to repay approximately 80% of the outstanding indebtedness under the First Lien Credit Facilities (\$424 million outstanding as of December 31, 2020). The remainder of the net proceeds of the Offering will be used to fund a portion of ongoing growth initiatives that require capital investments, the largest of which is the development of SARnext, the next-generation EO commercial satellite.
Shares Outstanding^{1,2}:	An aggregate of 113,612,185 <u>114,951,656</u> Common Shares will be issued and outstanding immediately following closing of the Offering (117,778,854 <u>119,237,381</u> Common Shares if the Over-Allotment Option is exercised in full), excluding Common Shares that may be issued upon exercise of outstanding options or other convertible securities issued by the Company and an aggregate of 117,924,483 <u>117,517,285</u> Common Shares will be issued and outstanding immediately following Closing (122,091,149 <u>121,803,010</u> Common Shares if the Over-Allotment is exercised in full) on a fully-diluted

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basis.

Principal Shareholders:

Neptune Acquisition Limited Partnership (the "Partnership") owns and controls 513,720,000 Common Shares (on a pre-consolidation basis), representing ~~99.899.1~~ % of the outstanding Common Shares. The Partnership is controlled by its general partner (the "General Partner"). NPC, a corporation controlled by John Risley and Andrew Lapham, has the right to appoint a majority of the board of directors of the General Partner.

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

Immediately following the Closing, EdgePoint Investment Group Inc. will own, control or direct, directly or indirectly, 12,500,000 Common Shares (representing approximately ~~11.0~~ 10.9 % of the outstanding Common Shares).¹⁻²

Lock-Up Arrangements:

For a period beginning at the Closing Date and ending 180 days after the Closing Date, the Company will not, without the prior consent of the Lead Underwriters, on behalf of the Underwriters, directly or indirectly, subject to certain customary exceptions, (a) offer, issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Common Shares, financial instruments or securities convertible into or exercisable or exchangeable for Common Shares or announce any intention to do any of the foregoing, in a public offering, by way of private placement or otherwise, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise.

For a period beginning on the Closing Date and ending 180 days after the Closing Date, the shareholders, members of management and directors of the Company who will hold Common Shares as of immediately prior to Closing have agreed, except with the prior written consent of the Lead Underwriters, on behalf of the Underwriters, and the Company and for transactions related to the Offering, to not, directly or indirectly, subject to certain customary exceptions, (a) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer, assign or dispose of any Common Shares or securities convertible into or exercisable or exchangeable for Common Shares; (b) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to

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another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is to be settled by delivery of Common Shares, other securities, cash or otherwise; or (c) agree or publicly announce any intention to do any of the foregoing.

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

Form of Offering: Marketed public offering by way of a long-form ~~base PREP~~ prospectus filed in all provinces and territories of Canada. Private placement into the U.S. via Rule 144A and internationally as permitted.

Listing: The ~~Company has applied to list the~~ Common Shares have been conditionally approved for listing on the Toronto Stock Exchange (the "TSX") under the symbol "MDA". Listing is subject to fulfilling all the ~~approval of the TSX in accordance with its original~~ listing requirements. ~~The TSX has not conditionally approved the listing application of the Common Shares and there is no assurance that the TSX will approve the listing application~~ of the TSX.

Eligibility: Eligible for RRSPs, RRIFs, RESPs, TFSAs, RDSPs and DPSPs.

Active Bookrunners: BMO Capital Markets, Morgan Stanley, Scotiabank

Commission: 5.25% + 0.66% incentive fee (payable to Active Bookrunners at Company's discretion)

Pricing: ~~Expected week of March 29, 2021~~

Closing: ~~Expected week of~~ On or about April ~~57~~, 2021

Total changes	58
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¹ After giving effect to the 6:1 consolidation of the Company's Common Shares as part of the Pre-Closing Reorganization, [as described in the final prospectus](#).

² ~~Assumes the Offering Price is C\$18.00, being the midpoint of the estimated price range set forth on the cover page of the preliminary base PREP prospectus~~