MDA Space Ltd.

Interim Condensed Consolidated Financial Statements

For the three and six months ended
June 30, 2025 and 2024

(In millions of Canadian dollars)

MDA Space Ltd.
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the three and six months ended June 30, 2025 and 2024
(In millions of Canadian dollars except per share figures)

	Note	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenue	5, 6	$ 373.3	$ 242.0	$ 724.3	$ 451.1
Cost of revenue					
Materials, labour and subcontractors	7	(264.6)	(164.9)	(522.2)	(305.6)
Depreciation and amortization of assets	9, 10, 11	(13.9)	(10.9)	(27.6)	(21.4)
Gross profit		**94.8**	**66.2**	**174.5**	**124.1**
Operating expenses					
Selling, general and administration	7	(29.8)	(20.6)	(53.2)	(39.5)
Research and development, net	7	(6.0)	(8.8)	(11.5)	(17.8)
Amortization of intangible assets	11	(11.7)	(11.6)	(23.3)	(23.9)
Share-based compensation	13	(3.7)	(3.1)	(7.6)	(5.6)
Operating income		**43.6**	**22.1**	**78.9**	**37.3**
Other income (expenses)					
Unrealized gain on financial instruments		2.6	0.3	2.7	1.2
Foreign exchange gain (loss)		(11.0)	(0.8)	2.1	1.5
Finance income		3.5	0.7	5.2	1.4
Finance costs		(2.9)	(7.9)	(7.8)	(14.0)
Other income		—	0.1	—	6.6
Income before taxes		**35.8**	**14.5**	**81.1**	**34.0**
Income tax expense		(8.6)	(3.5)	(21.0)	(9.2)
Net income		**27.2**	**11.0**	**60.1**	**24.8**
Other comprehensive income					
Gain (loss) on translation of foreign operations		1.5	1.0	0.7	(0.2)
Gain (loss) on cash flow hedges		—	(0.7)	—	1.9
Remeasurement gain (loss) on defined benefit plans	17	8.4	(8.9)	6.4	(0.6)
Total comprehensive income		**$ 37.1**	**$ 2.4**	**$ 67.2**	**$ 25.9**
Earnings per share:					
Basic	15	$ 0.22	$ 0.09	$ 0.49	$ 0.21
Diluted	15	0.21	0.09	0.47	0.20
Weighted-average common shares outstanding:					
Basic	15	123,118,335	120,058,063	122,681,264	119,756,782
Diluted	15	128,062,208	123,516,192	127,728,558	123,271,143

The accompanying notes are an integral part of these interim condensed consolidated financial statements

MDA Space Ltd.
Unaudited Interim Condensed Consolidated Statement of Financial Position
June 30, 2025
(In millions of Canadian dollars)

As at	Note	June 30, 2025	December 31, 2024
Assets			
Current assets:			
Cash	19	$ 665.9	$ 166.7
Trade and other receivables		87.9	75.9
Unbilled receivables		244.0	250.1
Inventories		13.6	8.1
Income taxes receivable		40.4	54.0
Other current assets	8	62.9	71.7
		1,114.7	**626.5**
Non-current assets:			
Property, plant and equipment	9	542.3	496.6
Right-of-use assets	10	118.8	115.4
Intangible assets	11	586.6	580.0
Goodwill	11	441.8	441.0
Deferred income tax assets		9.9	9.9
Other non-current assets	8	342.6	328.1
		2,042.0	**1,971.0**
Total assets		**$ 3,156.7**	**$ 2,597.5**
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 311.1	$ 248.7
Income taxes payable		2.1	1.9
Contract liabilities		896.7	761.3
Current portion of net employee benefit payable		57.8	60.2
Current portion of lease liabilities	10	19.7	16.2
Other current liabilities		2.0	2.7
		1,289.4	**1,091.0**
Non-current liabilities:			
Net employee defined benefit payable		23.7	23.7
Lease liabilities	10	122.3	120.6
Long-term debt	12	249.1	—
Deferred income tax liabilities		187.1	185.4
Other non-current liabilities		2.8	0.8
		585.0	**330.5**
Total liabilities		**1,874.4**	**1,421.5**
Shareholders' equity			
Common shares		1,025.3	975.8
Contributed surplus		27.6	38.0
Accumulated other comprehensive income		30.6	23.5
Retained earnings		198.8	138.7
Total equity		**1,282.3**	**1,176.0**
Total liabilities and equity		**$ 3,156.7**	**$ 2,597.5**

Subsequent event (note 19)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

MDA Space Ltd.
Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months ended June 30, 2025 and 2024
(In millions of Canadian dollars)

	Note	Common Shares Number	Common Shares Amount	Contributed Surplus	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
As at January 1, 2025		121,531,699	$ 975.8	$ 38.0	$ 23.5	$ 138.7	$ 1,176.0
Share-based awards common shares issuance	13	3,266,957	49.5	(13.1)	—	—	36.4
Net income		—	—	—	—	60.1	60.1
Other comprehensive income		—	—	—	7.1	—	7.1
Equity-settled share-based compensation	13	—	—	5.3	—	—	5.3
Tax effect of share-based compensation		—	—	(2.6)	—	—	(2.6)
As at June 30, 2025		124,798,656	**$ 1,025.3**	**$ 27.6**	**$ 30.6**	**$ 198.8**	**$ 1,282.3**
As at January 1, 2024		119,514,919	$ 956.1	$ 31.3	$ 18.6	$ 58.7	$ 1,064.7
Share-based awards common shares issuance	13	543,144	4.4	(3.6)	—	—	0.8
Net income		—	—	—	—	24.8	24.8
Other comprehensive income		—	—	—	1.1	—	1.1
Equity-settled share-based compensation	13	—	—	5.5	—	—	5.5
Tax effect of share-based compensation		—	—	0.6	—	—	0.6
As at June 30, 2024		120,058,063	**$ 960.5**	**$ 33.8**	**$ 19.7**	**$ 83.5**	**$ 1,097.5**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

MDA Space Ltd.
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the three and six months ended June 30, 2025 and 2024
(In millions of Canadian dollars)

	Note	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash flows from operating activities					
Net income		$ 27.2	$ 11.0	$ 60.1	$ 24.8
Items not affecting cash:					
Income tax expense		8.6	3.5	21.0	9.2
Depreciation of property, plant, and equipment	9	7.2	5.9	14.2	10.1
Depreciation of right-of-use assets	10	3.2	2.2	6.5	5.7
Amortization of intangible assets	11	15.2	14.4	30.2	29.5
Gain on disposal of assets		—	—	—	(5.8)
Equity-settled share-based compensation	13(a)	2.5	3.0	5.3	5.5
Investment tax credits accrued		(5.3)	(11.0)	(13.3)	(19.2)
Finance costs, net		(0.6)	7.2	2.6	12.6
Unrealized gain on financial instruments		(2.6)	(0.3)	(2.7)	(1.2)
Changes in operating assets and liabilities	18	3.3	113.1	199.1	110.2
		58.7	**149.0**	**323.0**	**181.4**
Interest paid		(2.3)	(4.4)	(4.6)	(12.5)
Income tax received (paid)		(3.6)	(0.1)	1.4	0.3
Net cash generated in operating activities		**52.8**	**144.5**	**319.8**	**169.2**
Cash flows from investing activities					
Purchases of property and equipment	9	(46.9)	(25.1)	(86.7)	(52.1)
Purchases/development of intangible assets	11	(22.9)	(16.3)	(44.8)	(29.5)
Government grants on capital expenditure		33.2	7.0	33.2	7.0
Proceeds from disposal of assets		—	—	0.2	7.4
Acquisition of subsidiary, net of cash	4	(2.8)	(11.7)	(2.8)	(23.3)
Investment in equity securities		—	(9.2)	—	(9.2)
Net cash used in investing activities		**(39.4)**	**(55.3)**	**(100.9)**	**(99.7)**
Cash flows from financing activities					
Borrowings from senior credit facility	12	250.0	80.0	250.0	110.0
Repayments to senior credit facility		—	(150.0)	—	(150.0)
Payment of lease liability (principal portion)		(2.3)	(1.4)	(4.7)	(4.5)
Proceeds from stock options exercised		27.7	—	36.4	0.8
Net cash provided by (used in) financing activities		**275.4**	**(71.4)**	**281.7**	**(43.7)**
Net increase in cash		**288.8**	**17.8**	**500.6**	**25.8**
Net foreign exchange difference on cash		0.8	(0.7)	(1.4)	(1.9)
Cash, beginning of period		376.3	29.3	166.7	22.5
Cash, end of period		**$ 665.9**	**$ 46.4**	**$ 665.9**	**$ 46.4**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. Nature of operations

MDA Space Ltd. and its subsidiaries (collectively "MDA Space" or the "Company") is a trusted mission partner of leading-edge space missions. The Company's recognized engineering capabilities, portfolio of space technologies, and space mission expertise make it a trusted partner of choice for a broad range of customers worldwide. The Company leverages its capabilities to enable next generation space exploration and infrastructure, space-based communication, and both earth and space observation missions. The Company's space technology solutions and services enable governments and businesses to develop and operate critical space infrastructure used for exploration and space-based science, to research, develop and operate space-based communications supporting our connected world, and to monitor global activities including climate change, illegal and unregulated fishing, and detection of oil spills. The Company's technologies and solutions are also deployed for defence and intelligence applications and space observation missions. MDA Space operates across three business areas: Geointelligence, Robotics & Space Operations, and Satellite Systems, with facilities and sites in Canada, United Kingdom, and United States. The Company collaborates and partners with governments and space agencies, commercial space companies and defence and aerospace prime contractors in the space industry.

MDA Space Ltd. was incorporated pursuant to a series of legal entity restructuring. On April 8, 2020, Neptune Acquisition Inc. ("NAI"), an affiliate of Northern Private Capital Ltd. purchased 100% of the equity interest in MDA GP Holdings Ltd., MDA Systems Inc., and Maxar Technologies ULC from Maxar Technologies Inc. The consideration for this transaction was $1 billion. Immediately after closing, NAI amalgamated with Maxar Technologies ULC, and changed its name to Neptune Operations Ltd. ("NOL"). On June 2, 2020, Neptune Acquisition Holdings Inc. ("NAHI") was formed under the laws of the Province of Ontario and became the parent of its wholly owned subsidiary NOL. In March 2021, NAHI changed its name to MDA Ltd., and again to MDA Space Ltd. in April 2024.

MDA Space Ltd. is incorporated and domiciled in Canada, with its head office located at 7500 Financial Drive, Brampton, Ontario L6Y 6K7, Canada. MDA Space's common shares are traded on the Toronto Stock Exchange under the symbol "MDA".

2. Basis of preparation

(a) Statement of compliance

These accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation as those used in the preparation of the consolidated financial statements for the year ended December 31, 2024 were followed in the preparation of these interim condensed consolidated financial statements. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors of MDA Space on August 6, 2025.

(b) Basis of measurement

The interim condensed consolidated financial statements are presented in Canadian dollars, the Company's functional currency.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for pension plan assets and liabilities and the following assets and liabilities which are measured at fair value: financial instruments at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), derivative financial instruments, and initial recognition of assets acquired and liabilities assumed in a business combination. Pension plan assets and liabilities are recognized as the present value of the defined benefit obligation net of the fair value of the plan assets.

(c) Seasonality

The Company's operations historically have not experienced seasonality. However, the Company's results period over period are affected by its stage in the work in progress in each of its long-term contracts. Therefore, the results of operations over a given interim period may not be indicative of full fiscal year results.

(d) Critical accounting estimates and judgments

The preparation of the Company's interim condensed consolidated financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Significant estimates and judgments used in preparation of the interim condensed consolidated financial statements are described in the Company's consolidated financial statements for the year ended December 31, 2024.

3. Changes in accounting policies and accounting pronouncements

Amendments of IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

IASB has amended IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to clarify the timing in the recognition and derecognition of financial assets and the settlement of financial liabilities. These amendments change the timing of recognition or derecognition of financial assets or liabilities from the payment initiation date to the settlement date. Any derecognition of liability earlier than the settlement date would be subject to certain criteria being met, and only applicable to financial liabilities settled using an electronic payment system. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management is currently assessing the impact of the amendments to IFRS 9 and IFRS 7 on its consolidated financial statements.

Forthcoming Issuance of IFRS 18 *Presentation and Disclosure in Financial Statements* replacing IAS 1, *Presentation of Financial Statements*

IFRS 18 aims to achieve comparability of the financial performance of similar entities and will impact the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management is currently assessing the impact of adopting IFRS 18 on its consolidated financial statements.

4. Acquisition of SatixFy Space Systems UK Ltd.

On October 31, 2023, the Company acquired 100% share of SatixFy Space Systems UK Ltd ("SSS"), the digital payload division of SatixFy Communications Ltd. to strengthen MDA's global leadership position in the growing market for digital satellite communications solutions. The acquired division, based in the United Kingdom, has been integrated into MDA UK, the company's existing UK subsidiary. The final holdback of $2.8 ($2.0 USD) was released to the seller in the second quarter of 2025.

5. Revenue from contracts with customers

All of the Company's revenue is derived from contracts with customers. Disaggregation of revenue from contracts with customers by business areas is presented in the table below:

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Business Areas				
Geointelligence	$ 52.7	$ 54.9	$ 104.4	$ 106.4
Robotics and space operations	88.0	78.3	165.3	148.6
Satellite systems	232.6	108.8	454.6	196.1
	$ 373.3	$ 242.0	$ 724.3	$ 451.1

6. Geographic information

Segmented information is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"), and reflects the way the CODM evaluates performance of, and allocates resources within, the business. The Company operates substantially all of its activities in one reportable segment, which includes the Geointelligence, Robotics and Space Operations and Satellite Systems operating segments. The reportable segment earns revenue by providing space solutions to customers in a similar market and is managed by the CODM.

Revenues are attributed to geographical regions based on the location of customers as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenue				
Canada	$ 239.6	$ 146.2	$ 472.1	$ 268.9
United States	103.8	78.3	200.4	149.6
Europe	18.3	9.1	31.2	18.4
Asia and Middle East	11.2	5.8	19.7	9.3
Other	0.4	2.6	0.9	4.9
	$ 373.3	$ 242.0	$ 724.3	$ 451.1

The Company's property, plant and equipment, right-of-use assets, intangible assets and goodwill are attributed to geographical regions based on the location of the assets as follows:

	June 30, 2025	December 31, 2024
Canada	$ 1,622.5	$ 1,564.0
Other	67.0	69.0
	$ 1,689.5	$ 1,633.0

7. Cost of revenue and operating expenses

The following table shows the breakdown of materials, labour and subcontractors costs included in cost of revenue:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Labour, materials and other	$ 128.7	$ 94.6	$ 264.6	$ 202.9
Subcontractors	141.1	81.2	271.0	121.7
Investment tax credits recognized	(5.2)	(10.9)	(13.4)	(19.0)
	$ 264.6	$ 164.9	$ 522.2	$ 305.6

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

The following tables show the breakdowns of selling, general and administration expenses and research and development, net included in operating expenses:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Selling, general and administration				
General and administration	$ 13.6	$ 11.9	$ 27.1	$ 21.9
Selling and marketing	16.2	8.7	26.1	17.6
	$ 29.8	$ 20.6	$ 53.2	$ 39.5
Research and development, net				
Research and development expense	$ 6.7	$ 9.3	$ 16.3	$ 20.5
Research and development expense recovery	(0.7)	(0.5)	(4.8)	(2.7)
	$ 6.0	$ 8.8	$ 11.5	$ 17.8

8. Other assets

	Note	June 30, 2025	December 31, 2024
Prepaid expenses and Advances to suppliers		$ 178.5	$ 194.7
Investment tax credits receivable		150.8	149.2
Investment in equity securities	14	15.6	13.2
Derivative financial assets		22.1	3.4
Pension plan assets		21.6	16.2
Long-term unbilled receivable		16.9	22.0
Other		$ —	$ 1.1
		$ 405.5	$ 399.8
Current portion		$ 62.9	$ 71.7
Non-current portion		$ 342.6	$ 328.1

9. Property, plant and equipment

	Land, buildings and leasehold improvements	Equipment	Furniture, fixtures and computer hardware	Capital in progress	Total
Cost					
As at December 31, 2024	$ 142.5	$ 66.7	$ 38.8	$ 305.0	$ 553.0
Additions	(0.6)	(1.0)	1.8	59.6	59.8
Transfers	11.0	1.3	0.6	(12.9)	—
Effect of movements in exchange rates	0.1	—	—	—	0.1
As at June 30, 2025	$ 153.0	$ 67.0	$ 41.2	$ 351.7	$ 612.9
Accumulated depreciation					
As at December 31, 2024	$ (20.1)	$ (17.8)	$ (18.5)	$ —	$ (56.4)
Depreciation expense	(4.2)	(6.3)	(3.7)	—	(14.2)
As at June 30, 2025	$ (24.3)	$ (24.1)	$ (22.2)	$ —	$ (70.6)
Net book value					
As at December 31, 2024	$ 122.4	$ 48.9	$ 20.3	$ 305.0	$ 496.6
As at June 30, 2025	$ 128.7	$ 42.9	$ 19.0	$ 351.7	$ 542.3

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

Depreciation expense included in cost of revenue for the three and six months ended June 30, 2025 is $7.2 and $14.2, respectively (three and six months ended June 30, 2024 – $5.9 and $10.1, respectively).
Cumulative government assistance for the six months ended June 30, 2025 exceeded additions in the same period.

As at June 30, 2025, the Company is committed under legally enforceable agreements for purchases relating to property, plant and equipment of $72.4 in 2025.

10. Leases

The Company has lease contracts for buildings and equipment used in its operations. Leases of buildings generally have lease terms between 5 and 20 years, while equipment generally have lease terms between 1 and 5 years.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

		Buildings		Equipment		Total
As at December 31, 2024	$	111.8	$	3.6	$	115.4
Additions		10.0		—		10.0
Depreciation expense		(6.0)		(0.5)		(6.5)
Effect of movements in exchange rates		0.1		(0.2)		(0.1)
As at June 30, 2025	$	115.9	$	2.9	$	118.8

Depreciation expense included in cost of revenue for the three and six months ended June 30, 2025 is $3.2 and $6.5, respectively (three and six months ended June 30, 2024 – $2.2and $5.7, respectively).

(b) Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements:

		Lease liabilities
As at December 31, 2024	$	136.8
Additions		9.8
Accretion of interest		4.6
Payments		(9.3)
Effect of movements in exchange rates		0.1
As at June 30, 2025	$	142.0

Accretion of interest is included in finance costs in the consolidated statement of comprehensive income.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

11. Intangible Assets and Goodwill

	Goodwill	Proprietary technologies	Contractual backlog	Customer relationships	MDA trademark	Software	Total
Cost							
As at December 31, 2024	$ 441.0	$ 281.0	$ 41.0	$ 458.5	$ 25.6	$ 51.7	$1,298.8
Additions	—	22.9	—	—	—	12.4	35.3
Effect of movements in exchange rates	0.8	1.9	—	—	—	—	2.7
As at June 30, 2025	$ 441.8	$ 305.8	$ 41.0	$ 458.5	$ 25.6	$ 64.1	$1,336.8
Accumulated amortization							
As at December 31, 2024	$ —	$ (50.6)	$ (41.0)	$ (153.8)	$ (6.0)	$ (26.4)	$ (277.8)
Amortization expense	—	(8.6)	—	(16.2)	(0.7)	(4.7)	(30.2)
Effect of movements in exchange rates	—	(0.4)	—	—	—	—	(0.4)
As at June 30, 2025	$ —	$ (59.6)	$ (41.0)	$ (170.0)	$ (6.7)	$ (31.1)	$ (308.4)
Net book value							
As at December 31, 2024	$ 441.0	$ 230.4	$ —	$ 304.7	$ 19.6	$ 25.3	$1,021.0
As at June 30, 2025	$ 441.8	$ 246.2	$ —	$ 288.5	$ 18.9	$ 33.0	$1,028.4

For the three and six months ended June 30, 2025, the amortization expense related to proprietary technologies and software of $3.5 and $6.9, respectively (three and six months ended June 30, 2024 – $2.8 and $5.6, respectively) is included in cost of revenue. For the three and six months ended June 30, 2025, the amortization expense related to all other intangible assets of $11.7 and $23.3, respectively (three and six months ended June 30, 2024 – $11.6 and $23.9, respectively) is included in operating expenses.

As at June 30, 2025, the Company is committed under legally enforceable agreements for purchases relating to intangible assets of $11.9 in 2025.

12. Long-term debt

(a) Senior revolving credit facility

As at June 30, 2025, the Company had borrowings of $250.0 (December 31, 2024 - nil) under the senior revolving credit facility in the form of a CORRA Loan, which is recorded at a carrying amount of $249.1 on the consolidated statement of financial position. This facility bears interest at the bank's prime rate or alternate base rate of Canada plus an applicable margin of 45 to 175 basis points ("bps") or CORRA plus an applicable margin of 145 to 275 bps, based on the Company's total debt to EBITDA ratio. At June 30, 2025, the interest rate on the outstanding CORRA loan was 4.50% (December 31, 2024 - nil).

The Company also had $6.9 letters of credit at June 30, 2025 (December 31, 2024 - $6.8), bearing an applicable margin of 97 bps plus a fronting fee of 25 bps.

(b) Security and guarantees

The senior revolving credit facility is guaranteed by all subsidiaries of NOL other than certain excluded subsidiaries (immaterial subsidiaries and non-wholly owned subsidiaries) and secured by all of the present and future assets, property and undertakings of NOL and its subsidiary guarantors, as well as a limited recourse guarantee and pledge of NOL from the Company.

The Company must satisfy certain financial covenants as defined by the credit agreement, including the following:

- The Company is required to maintain an interest coverage ratio of at least 3.0 to 1 at all times
- The Company is required to maintain a specified total debt to EBITDA ratio of less than or equal to 4.0 to 1 at all times

As at June 30, 2025 the Company was in compliance with these covenants.

(c) Interest expense on long-term debt

Interest expense on the Company's long-term debt for the three and six months ended June 30, 2025 is $0.1 and $0.2, respectively (three and six months ended June 30, 2024 – $8.5 and $15.9, respectively). This amount is included in finance costs in the consolidated statement of comprehensive income.

Interest expense is net of the expense capitalized on certain qualifying assets that take a substantial period of time to prepare for their intended use. Capitalized interest is a component of both property, plant and equipment and intangible assets. There was no capitalization for the three and six months ended June 30, 2025. The capitalization for the three and six months ended June 30, 2024 was $3.6 and $7.5, respectively. The capitalization rate used to capitalize interest was 6.8%.

13. Share-based compensation

The Company has equity-settled and cash-settled share-based compensation plans.

(a) Equity-settled share-based compensation plans

In 2021, the Company established an Omnibus Long-term Incentive Plan ("Omnibus Plan"). The Omnibus Plan is a share-based plan, under which the Company receives services from directors and employees as consideration for equity instruments of the Company. The Company can issue stock options, deferred share units ("DSUs"), restricted share units ("RSUs"), and performance share units ("PSUs") pursuant to the terms and conditions of the Omnibus Plan and the related award agreements entered into thereunder.

The Company also has in place an Employee Share Trust Agreement arrangement, where eligible employees are issued shares held in a company trust ("Trustee Shares") and released upon meeting prescribed conditions.

Stock Options

The Company did not grant any stock options during the three and six months ended June 30, 2025. The existing granted stock options have graded vesting schedules ranging from 1 to 4 years from the grant date. Vesting is conditional on continuous employment from the grant date to the vesting date. The stock options have a maximum term of 10 years.

The stock options are measured at fair value using the Black-Scholes option pricing model on the grant date and subsequently expensed on a graded basis over the vesting period. The amount expensed for the three and six months ended June 30, 2025 was $0.1 and $0.3, respectively (three and six months ended June 30, 2024 – $0.6 and $1.1, respectively).

Trustee Shares

Trustee Shares have graded vesting schedules ranging from 1 to 4 years from the grant date. Vesting is conditional on continuous employment from the grant date to the vesting date and the meeting of specified price targets. The amounts expensed for the three and six months ended June 30, 2025 are nil and nil, respectively (three and six months ended June 30, 2024 – nil and $0.1, respectively).

DSUs

The Company has offered DSUs to its independent directors since 2022, entitling them to receive all or a portion of their annual compensation in the form of DSUs in place of cash. The DSUs vest immediately upon grant and are equity-settled, entitling participants to receive one common share for each DSU. The amount expensed for the three and six months ended June 30, 2025 is $0.4 and $0.8, respectively (three and six months ended June 30, 2024 - $0.3 and $0.7, respectively).

RSUs and PSUs

The Company grants RSUs and PSUs to eligible employees. The RSUs vest over 1 to 3 years in annual installments from the grant date. Vesting is conditional on continuous employment from the grant date to the vesting date. The PSUs vest over 3 years from the grant date and vesting is conditional on meeting performance targets and continuous employment . The amount expensed for the three and six months ended June 30, 2025 are $2.0 and $4.2, respectively (three and six months ended June 30, 2024 – $2.1 and $3.6, respectively).

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

Award units continuity – Stock Options, Trustee Shares, DSUs, RSUs and PSUs

The table below shows the movement in the award units outstanding over the six months ended June 30, 2025:

	Stock Options	Trustee Shares	DSUs	RSUs	PSUs
As at January 1, 2025	7,616,195	19,529	266,146	1,088,312	526,748
Granted	—	—	27,305	355,925	164,330
Forfeited/Cancelled	—	—	—	(21,713)	(67,151)
Exercised/Converted	(2,695,506)	—	—	(495,736)	(75,715)
As at June 30, 2025	4,920,689	19,529	293,451	926,788	548,212

(b) Cash-settled share-based compensation plan

In 2024, the Company established an employee share purchase plan ("ESPP"). The ESPP is a cash-settled share-based payment plan whereby employees of the Company can acquire common shares through regular payroll deductions. Company-matched employee contributions, up to a maximum of five thousand dollars per annum, are restricted to a one-year holding period. The employees' and Company's contributions are remitted to an independent plan administrator, who is responsible for purchasing common shares on the market on behalf of the employees.

The amount expensed for the three and six months ended June 30, 2025 is $1.2 and $2.3, respectively (three and six months ended June 30, 2024 - $0.1 and $0.1, respectively).

14. Financial instruments and fair value disclosures

(a) The classification of financial instruments and their carrying amounts are as follows:

	June 30, 2025	December 31, 2024
Financial assets (liabilities) measured at FVTPL		
Derivative financial assets	$ 22.1	$ 3.4
Derivative financial liabilities	(3.1)	—
Investment in equity securities	15.6	13.2
Financial assets (liabilities) measured at amortized cost		
Cash	$ 665.9	$ 166.7
Trade and other receivables	87.9	75.9
Unbilled receivables	244.0	250.1
Accounts payable and accrued liabilities	(311.1)	(248.7)
Long-term debt	(249.1)	—

Derivative assets and investment in equity securities are included in other assets on the interim condensed consolidated statement of financial position, as presented in note 8. Derivative liabilities are included in other liabilities.

The fair values of cash, trade and other receivables, unbilled receivables, and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature. For the other financial instruments presented, the table below shows their respective fair values with their levels in the fair value hierarchy:

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

	June 30, 2025				December 31, 2024			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets								
Derivative financial instruments	$ —	$ 22.1	$ —	$ 22.1	$ —	$ 3.4	$ —	$ 3.4
Investment in equity securities	5.8	9.8	—	15.6	3.5	9.7	—	13.2
Liabilities								
Derivative financial instruments	$ —	$ 3.1	$ —	$ 3.1	$ —	$ —	$ —	$ —

Over the six months ended June 30, 2025, no transfers occurred between levels of the fair value hierarchy.

Level 2 derivative financial instruments comprise foreign exchange embedded derivatives within revenue and purchase contracts. The Company determines the fair value of its derivative financial instruments based on management estimates and observable market-based inputs. Management estimates include assumptions concerning the amount and timing of estimated future cash flows. Observable market-based inputs are sourced from third parties and include currency spot and forward rates.

The Company mitigates its foreign exchange risk through reducing mismatches between currencies in its foreign currency revenue contracts and the related purchase contracts to create natural economic hedges. The Company also utilizes foreign exchange forward contracts to supplement its natural hedge strategy, where needed, to further reduce the exposure arising from expected foreign currency denominated cash flows. The term of the foreign exchange forward contracts can range from less than one month to several years. At June 30, 2025, the Company had no outstanding foreign exchange forward contracts. The Company does not enter into foreign exchange forward contracts for trading or speculative purposes and does not have any qualifying hedges for accounting purposes.

15. Earnings per share

The following table reflects the net income and share data used in the basic and diluted earnings per share calculations:

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Net income	$ 27.2	$ 11.0	$ 60.1	$ 24.8
Weighted average shares outstanding – basic	123,118,335	120,058,063	122,681,264	119,756,782
Adjustments for				
Employee stock options	3,678,428	2,270,651	3,793,519	2,383,012
Trustee shares	18,582	66,169	18,544	66,517
DSUs	275,054	206,796	270,600	195,909
RSUs and PSUs	971,809	914,513	964,631	868,923
Weighted average shares outstanding – diluted	128,062,208	123,516,192	127,728,558	123,271,143
Basic earnings per share	$ 0.22	$ 0.09	$ 0.49	$ 0.21
Diluted earnings per share	0.21	0.09	0.47	0.20

At June 30, 2025, no options and trustee shares (June 30, 2024 – no options and trustee shares) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

16. Government assistance

(a) Investment tax credits

During the three and six months ended June 30, 2025, the Company recognized investment tax credits related to its Canadian operations of $5.3 and $13.7 respectively (three and six months ended June 30, 2024 – $11.0 and 19.2 respectively) as a reduction in cost of materials, labour and subcontractors, and research and development, net, on the interim condensed consolidated statement of comprehensive income.

As at June 30, 2025, the Company has investment tax credits of approximately $178.5 (December 31, 2024 - $179.9) available to offset future Canadian Federal and Provincial income taxes payable which expire between 2030 and 2045. Investment tax credits are only recognized in the consolidated financial statements when the recognition criteria have been met as described in note 3(q) of the Company's interim condensed consolidated financial statements for the year ended December 31, 2024. Investment tax credits that are expected to be realized within 12 months are classified as current; investment tax credits that are expected to be realized beyond 12 months are classified as non-current.

(b) Long Term Economic Benefits to Province of Ontario Grant (the "Ontario Grant"):

The Ontario Grant was awarded to the Company in March 2022 by the Minister of Economic Development, Job Creation and Trade to encourage investment in Ontario, which will benefit Ontario's economic growth. Under this grant agreement, the Ontario Government will fund 24.74% of eligible spending to a maximum of $25.0, conditional on the Company investing a minimum of $101.0 in eligible project expenditures. The Company will use the funding received under the grant towards the building of its centre of control and excellence in Brampton, Ontario, as well as development of proprietary technology. For the three and six months ended June 30, 2025, the Company has not recorded any recoveries. As at June 30, 2025, the Company has received $4.0 proceeds in connection with this grant.

(c) Investissement Québec Forgivable Loan (the "IQ Loan"):

The Company entered into a definitive agreement with Investissement Québec in respect of the IQ Loan in February 2025. The forgiveable loan, in an amount up to $75.0 is intended to support with infrastructure projects and the expansion of development capabilities to design and produce satellites at the Company's facilities in Québec. The loan will be forgiven if certain requirements related to these projects are met. During the three and six months ended June 30, 2025, the Company has recorded recoveries of $13.2 against cost of revenues, $3.1 against research and development, net, and $35.6 against long-term assets. As at June 30, 2025, the Company received $43.5 proceeds in connection with the IQ Loan.

17. Remeasurement gain (loss) on defined benefit plans

A remeasurement of the assets and obligations in the Company's defined benefit pension plans and other post-retirement benefit plans was performed and an actuarial gain of $8.4 and $6.4 were recorded for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 – loss of $8.9 and $0.6, respectively) in other comprehensive income mainly due to the increase of fair value of pension assets and decrease in discount rate.

(Amounts in millions of Canadian dollars, except share-based compensation awards and per share amounts)

18. Supplementary cash flow information

The below table provides changes in operating assets and liabilities:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Trade and other receivables	(1.5)	(9.9)	(4.6)	46.6
Unbilled receivables	29.8	(32.4)	11.2	(114.0)
Inventories	(1.2)	(0.1)	(5.5)	(0.3)
Prepaid expenses and advances to suppliers	0.1	(39.1)	16.2	(49.1)
Other assets	(8.3)	—	(18.5)	1.9
Trade and other payables	26.8	17.2	61.1	12.7
Contract liabilities	(41.6)	179.6	135.4	223.5
Employee benefits	(4.9)	(0.8)	0.8	(7.6)
Other liabilities	4.1	(1.4)	3.0	(3.5)
	$ 3.3	$ 113.1	$ 199.1	$ 110.2

19. Subsequent Events

The Company completed its previously disclosed acquisition of SatixFy Communications Ltd (“SatixFy”) on July 2nd, 2025 at a price of $3.00 per ordinary share, representing an implied equity value of approximately US$279 ($382) (the “Merger Consideration”). The Company also retired SatixFy's existing debt of US$76 million (approximately $104 million) immediately upon closing of the acquisition. The Merger Consideration, which was held in cash in trust by the Company’s paying agent as of June 30, 2025, is presented as cash in the Statement of Interim Condensed Consolidated Statement of Financial Position as of June 30, 2025.

The Merger Consideration is being remitted to SatixFy’s shareholders in the third quarter of 2025.