



Telesat Reports Results for the Quarter Ended March 31, 2024

OTTAWA, CANADA – May 10, 2024 – [Telesat](#) (NASDAQ and TSX: TSAT), one of the world's largest and most innovative satellite operators, today announced its financial results for the quarter ended March 31, 2024. All amounts are in Canadian dollars and reported under International Financial Reporting Standards (IFRS) unless otherwise noted.

"I am pleased with our financial and operating performance for the first quarter," commented Dan Goldberg, Telesat's President and CEO. "We remain on track to meet our 2024 guidance and, as a result of our continued disciplined execution, delivered industry-leading Adjusted EBITDA margins¹, high capacity utilization, a substantial contractual backlog² of \$1.2 billion, and a cash balance of \$1.8 billion."

Goldberg added: "Our focus this year remains twofold. First, in our geostationary activities, maximize our Adjusted EBITDA¹ and cash flow by seeking to mitigate anticipated revenue declines and rigorously manage our legacy cost structure. Second, accelerate implementation and commercialization of Telesat Lightspeed now that we have agreed to terms with the Government of Canada on funding for the program. We believe Telesat Lightspeed, our state-of-the-art Low Earth Orbit (LEO) global broadband constellation, will revolutionize broadband connectivity for enterprise and government users and represents a highly compelling growth and value creation opportunity for Telesat and its stakeholders."

For the quarter ended March 31, 2024, Telesat reported consolidated revenue of \$152 million, a decrease of 17% (\$31 million) compared to the same period in 2023. The change in foreign exchange rates had a minimal impact. The decrease was primarily due to a reduction of services and lower rate on the renewal of a long-term agreement with a North American direct-to-home customer as well as lower revenue from certain mobility and Latin American customers and lower equipment sales to Canadian Government customers.

Operating expenses for the quarter were \$47 million, a decrease of 12% (\$6 million) from 2023. The change in foreign exchange rates had a minimal impact. The decrease was primarily due to lower non-cash share-based compensation and higher capitalized engineering expense relative to the prior period.

Adjusted EBITDA¹ for the quarter was \$111 million, a decrease of 20% (\$28 million). The change in foreign exchange rates had a minimal impact. The Adjusted EBITDA margin¹ was 72.8%, compared to 75.7% in the same period in 2023.

Telesat net loss for the quarter was \$52 million compared to net income of \$28 million for the same period in the prior year. The change was primarily due to a negative variation in the gain (loss) on foreign exchange.

Business Highlights

- ▲ Government of Canada Funding for Telesat Lightspeed:
 - On March 28, 2024, Telesat and Government of Canada agreed to terms on a \$2.14 billion loan for Telesat Lightspeed.
 - Government of Canada to receive warrants for 10% of the common shares of Telesat LEO Inc. based upon an equity valuation of US\$3 billion.
 - The Government of Canada investment is subject to certain conditions, including the entry of definitive documentation with the Government of Canada and Telesat's other financing sources.

- ▲ At March 31, 2024:
 - Telesat had contracted backlog² for future services of approximately \$1.2 billion (excluding approximately \$740 million in revenue commitments associated with Telesat Lightspeed).
 - Fleet utilization was 77%.

- ▲ Debt Repurchase:
 - Subsequent to quarter end and up to May 8, 2024, Telesat repurchased debt with a cumulative principal amount of US\$219.5 million in exchange for an aggregate cost including accrued interest of US\$98.9 million.
 - Combined with the debt repurchases completed in 2022 and 2023, Telesat has repurchased a cumulative principal amount of US\$806.5 million for an aggregate cost including accrued interest of US\$438.3 million.

2024 Financial Outlook

(assumes a foreign exchange rate of US\$1=C\$1.35)

For 2024, Telesat continues to expect full year:

- revenues to be between \$545 million and \$565 million;
- Adjusted EBITDA¹ to be between \$340 million and \$360 million, which reflects Telesat Lightspeed operating expenses of between \$80 million and \$90 million; and
- cash flows used in investing activities to be in the range of \$1,000 million to \$1,400 million, which is nearly all related to expected Telesat Lightspeed capital expenditures.

Telesat's quarterly report on Form 6-K for the quarter ended March 31, 2024, has been filed with the United States Securities and Exchange Commission (SEC) and the Canadian securities regulatory authorities, and may be accessed on the SEC's website at www.sec.gov and on the System for Electronic Document Analysis and Retrieval+ (SEDAR) website at www.sedarplus.ca.

Conference Call

Telesat has scheduled a conference call on Friday, May 10, 2024, at 10:30 a.m. ET to discuss its financial results for the Quarter ended March 31, 2024. The call will be hosted by Daniel S. Goldberg, President and Chief Executive Officer, and Andrew Browne, Chief Financial Officer, of Telesat.

Dial-in Instructions:

The toll-free dial-in number for the teleconference is +1 800 806 5484. Callers outside of North America should dial +1 416 340 2217. The access code is 6484355 followed by the number sign (#). Please allow at least 15 minutes prior to the scheduled start time to connect to the teleconference. In the event of technical issues, please dial *0 and advise the conference call operator of the company name (Telesat) and the name of the moderator (Michael Bolitho).

Webcast:

The conference call can also be accessed, as a listen in only, at <https://edge.media-server.com/mmc/p/ddumsxtm> A replay of the webcast will be archived on Telesat's website under the tab "Investors".

Dial-in Audio Replay:

A replay of the teleconference will be available one hour after the end of the call on May 10, 2024 until 11:59 p.m. ET on May 24, 2024. To access the replay, please call +1 800 408 3053. Callers from outside North America should dial +1 905 694 9451. The access code is 7879436 followed by the number sign (#).

About Telesat

Backed by a legacy of engineering excellence, reliability and industry-leading customer service, Telesat (NASDAQ and TSX: TSAT) is one of the largest and most successful global satellite operators. Telesat works collaboratively with its customers to deliver critical connectivity solutions that tackle the world's most complex communications challenges, providing powerful advantages that improve their operations and drive profitable growth.

Continuously innovating to meet the connectivity demands of the future, Telesat Lightspeed, the company's LEO satellite network, will be the first and only LEO network optimized to meet the rigorous requirements of telecom, government, maritime and aeronautical customers. Telesat Lightspeed will redefine global satellite connectivity with ubiquitous, affordable, high-capacity links with fibre-like speeds. For updates on Telesat, follow us on @Telesat on Twitter, [LinkedIn](#), or visit www.telesat.com.

Contacts:

Investor Relations

Hugh Harley
+1 613 748 8424
ir@telesat.com

Michael Bolitho
+1 613 748 8828
ir@telesat.com

Forward-Looking Statements Safe Harbor

This news release contains statements that are not based on historical fact, including financial outlook for 2024 and the growth opportunities and expected timing around the financing of Telesat Lightspeed, and are "forward-looking statements" and "future-orientated financial performance" within the meaning of the Private Securities Litigation Reform Act of 1995 and Canadian securities laws. When used herein, statements which are not historical in nature, or which contain the words "will," "expect," "on track," "believe", "seeking," "accelerate" or similar expressions, are forward-

looking statements. Actual results may differ materially from the expectations expressed or implied in the forward-looking statements and future-orientated financial information as a result of known and unknown risks and uncertainties. Future-orientated financial information contained in this news release about prospective financial performance, financial position, or cash flows are expected to give the reader a better understanding of the potential future performance of Telesat. Readers are cautioned that any such future-orientated financial information and financial outlook contained herein should not be used for purposes other than those disclosed herein. All statements made in this news release are made only as of the date set forth at the beginning of this release. Telesat undertakes no obligation to update the information made in this news release in the event facts or circumstances subsequently change after the date of this news release.

These forward-looking statements and future-orientated financial information are based on Telesat's current expectations and are subject to a number of risks, uncertainties and assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond Telesat control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Known risks and uncertainties include but are not limited to: inflation and rising or prolonged elevated interest rates, risks associated with operating satellites and providing satellite services, including satellite construction or launch delays, launch failures, in-orbit failures or impaired satellite performance; the ability to deploy successfully an advanced global LEO satellite constellation, and the timing of any such deployment including Telesat's ability to enter into definitive funding agreements with Telesat's Canadian federal and provincial government partners, and to meet the funding conditions of those agreements and of Telesat's vendor financing, technological hurdles, including Telesat's and Telesat's contractors' development and deployment of the new technologies required to complete the constellation in time to meet Telesat's schedule, or at all, the availability of services and components from Telesat's and Telesat's contractors' supply chains, competition with other LEO systems, deployed, and to be deployed; risks of accelerating capital expenditures for Telesat Lightspeed prior to entering into, and/or funding from, definitive financing agreements; risks associated with domestic and foreign government regulation, including access to sufficient orbital spectrum to be able to deliver services effectively and access to sufficient geographic markets in which to sell those services; Telesat's ability to develop significant commercial and operational capabilities; volatility in exchange rates; and the ability to expand Telesat's existing satellite utilization. The foregoing list of important factors is not exhaustive. Investors should review the other risk factors discussed in Telesat's annual report on Form 20-F for the year ended December 31, 2023, and the Form 6-K that were filed on March 28, 2024 and May 10, 2024, with the United States Securities and Exchange Commission (SEC) and the Canadian securities regulatory authorities at the System for Electronic Document Analysis and Retrieval (SEDAR+), and may be accessed on the SEC's website at www.sec.gov and SEDAR's website at www.sedarplus.ca.

Telesat Corporation
Unaudited Interim Condensed Consolidated Statements of Income (Loss)
For the three months ended March 31

(in thousands of Canadian dollars, except per share amounts)

| | 2024 | 2023 |
|--|---------------------------|-------------------------|
| Revenue | \$ 152,175 | \$ 183,422 |
| Operating expenses | (47,112) | (53,472) |
| Depreciation | (36,395) | (46,377) |
| Amortization | (2,823) | (3,360) |
| Other operating gains (losses), net | 15 | 23 |
| Operating income | <u>65,860</u> | <u>80,236</u> |
| Interest expense | (64,430) | (68,873) |
| Interest and other income | 21,128 | 15,467 |
| Gain (loss) on foreign exchange | <u>(68,413)</u> | <u>10,136</u> |
| Income (loss) before income taxes | (45,855) | 36,966 |
| Tax (expense) recovery | <u>(6,482)</u> | <u>(8,549)</u> |
| Net income (loss) | <u>\$ (52,337)</u> | <u>\$ 28,417</u> |
| Net income (loss) attributable to: | | |
| Telesat Corporation shareholders | \$ (14,762) | \$ 8,009 |
| Non-controlling interest | <u>(37,575)</u> | <u>20,408</u> |
| | <u>\$ (52,337)</u> | <u>\$ 28,417</u> |
| Net income (loss) per common share attributable to Telesat Corporation shareholders | | |
| Basic | \$ (1.08) | \$ 0.61 |
| Diluted | \$ (1.08) | \$ 0.60 |
| Total Weighted Average Common Shares Outstanding | | |
| Basic | 13,706,546 | 13,022,905 |
| Diluted | 13,706,546 | 14,638,067 |

Telesat Corporation
Unaudited Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars)

| | March 31, 2024 | December 31, 2023 |
|---|---------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,756,299 | \$ 1,669,089 |
| Trade and other receivables | 65,254 | 78,289 |
| Other current financial assets | 667 | 631 |
| Current income tax recoverable | 20,349 | 16,510 |
| Prepaid expenses and other current assets | 55,563 | 52,169 |
| Total current assets | 1,898,132 | 1,816,688 |
| Satellites, property and other equipment | 1,271,646 | 1,260,298 |
| Deferred tax assets | 2,824 | 2,954 |
| Other long-term financial assets | 6,683 | 6,633 |
| Long-term income tax recoverable | 7,497 | 7,497 |
| Other long-term assets | 40,890 | 40,926 |
| Intangible assets | 692,299 | 692,756 |
| Goodwill | 2,489,883 | 2,446,603 |
| Total assets | \$ 6,409,854 | \$ 6,274,355 |
| Liabilities | | |
| Trade and other payables | \$ 51,590 | \$ 43,626 |
| Other current financial liabilities | 49,892 | 29,061 |
| Income taxes payable | 2,762 | 1,921 |
| Other current liabilities | 58,178 | 63,119 |
| Total current liabilities | 162,422 | 137,727 |
| Long-term indebtedness | 3,269,014 | 3,197,019 |
| Deferred tax liabilities | 233,329 | 235,247 |
| Other long-term financial liabilities | 14,585 | 14,938 |
| Other long-term liabilities | 284,825 | 290,441 |
| Total liabilities | 3,964,175 | 3,875,372 |
| Shareholders' Equity | | |
| Share capital | 53,238 | 51,252 |
| Accumulated earnings | 523,239 | 534,058 |
| Reserves | 103,800 | 76,608 |
| Total Telesat Corporation shareholders' equity | 680,277 | 661,918 |
| Non-controlling interest | 1,765,402 | 1,737,065 |
| Total shareholders' equity | 2,445,679 | 2,398,983 |
| Total liabilities and shareholders' equity | \$ 6,409,854 | \$ 6,274,355 |

Telesat Corporation
Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the three months ended March 31

| <i>(in thousands of Canadian dollars)</i> | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ (52,337) | \$ 28,417 |
| Adjustments to reconcile net income (loss) to cash flows from operating activities | | |
| Depreciation | 36,395 | 46,377 |
| Amortization | 2,823 | 3,360 |
| Tax expense (recovery) | 6,482 | 8,549 |
| Interest expense | 64,430 | 68,873 |
| Interest income | (21,296) | (15,518) |
| (Gain) loss on foreign exchange | 68,413 | (10,136) |
| Share-based compensation | 5,434 | 8,958 |
| (Gain) loss on disposal of assets | (15) | (23) |
| Deferred revenue amortization | (13,659) | (15,474) |
| Pension expense | 1,409 | 1,419 |
| Other | 197 | 571 |
| Income taxes paid, net of income taxes received | (11,496) | (17,510) |
| Interest paid, net of interest received | (18,147) | (24,153) |
| Operating assets and liabilities | 6,953 | (21,061) |
| Net cash from operating activities | <u>75,586</u> | <u>62,649</u> |
| Cash flows (used in) generated from investing activities | | |
| Cash payments related to satellite programs | (757) | (12,523) |
| Cash payments related to property and other equipment | (19,278) | (12,436) |
| Net cash (used in) generated from investing activities | <u>(20,035)</u> | <u>(24,959)</u> |
| Cash flows (used in) generated from financing activities | | |
| Payments of principal on lease liabilities | (647) | (523) |
| Satellite performance incentive payments | (711) | (1,529) |
| Tax withholdings on settlement of restricted share units | (2,116) | — |
| Government grant received | 1,194 | — |
| Net cash (used in) generated from financing activities | <u>(2,280)</u> | <u>(2,052)</u> |
| Effect of changes in exchange rates on cash and cash equivalents | 33,939 | (3,853) |
| Changes in cash and cash equivalents | 87,210 | 31,785 |
| Cash and cash equivalents, beginning of period | 1,669,089 | 1,677,792 |
| Cash and cash equivalents, end of period | <u>\$ 1,756,299</u> | <u>\$ 1,709,577</u> |

Telesat's Adjusted EBITDA margin⁽¹⁾:

The following table provides a quantitative reconciliation of net income to Adjusted EBITDA and Adjusted EBITDA margin, each of which are non-IFRS measures.

| <i>(in thousands of Canadian dollars) (unaudited)</i> | Three months ended March 31, | |
|---|---------------------------------|-------------------|
| | 2024 | 2023 |
| Net income (loss) | \$ (52,337) | \$ 28,417 |
| Tax expense (recovery) | 6,482 | 8,549 |
| (Gain) loss on foreign exchange | 68,413 | (10,136) |
| Interest and other income | (21,128) | (15,467) |
| Interest expense | 64,430 | 68,873 |
| Depreciation | 36,395 | 46,377 |
| Amortization | 2,823 | 3,360 |
| Other operating (gains) losses, net | (15) | (23) |
| Non-recurring compensation expenses ⁽³⁾ | 244 | — |
| Non-cash expense related to share-based compensation | 5,434 | 8,958 |
| Adjusted EBITDA | \$ 110,741 | \$ 138,908 |
| Revenue | \$ 152,175 | \$ 183,422 |
| Adjusted EBITDA Margin | 72.8% | 75.7% |

End Notes

¹ **Non-IFRS Measures** – Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. EBITDA is defined as “Earnings Before Interest, Taxes, Depreciation and Amortization.” Adjusted EBITDA is used to measure Telesat’s financial performance. Adjusted EBITDA is defined as operating income (less certain operating expenses such as share-based compensation expenses and unusual and non-recurring items, including restructuring related expenses) before interest expense, taxes, depreciation and amortization. Adjusted EBITDA margin is used to measure Telesat’s operating performance. Adjusted EBITDA margin is defined as the ratio of Adjusted EBITDA to revenue.

Adjusted EBITDA and Adjusted EBITDA margin are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Adjusted EBITDA allows investors and Telesat to compare Telesat’s operating results with that of competitors exclusive of depreciation and amortization, interest and investment income, interest expense, taxes and certain other expenses. Financial results of competitors in the satellite services industry have significant variations that can result from timing of capital expenditures, the amount of intangible assets recorded, the differences in assets’ lives, the timing and amount of investments, the effects of other income (expense), and unusual and non-recurring items. The use of Adjusted EBITDA assists investors and Telesat to compare operating results exclusive of these items. Competitors in the satellite services industry have significantly different capital structures. Telesat believes that the use of Adjusted EBITDA improves comparability of performance by excluding interest expense.

Telesat believes that the use of Adjusted EBITDA and the Adjusted EBITDA margin along with IFRS financial measures enhances the understanding of our operating results and is useful to investors and us in comparing performance with competitors, estimating enterprise value and making investment decisions. Adjusted EBITDA and Adjusted EBITDA margin as used here may not be the same as similarly titled measures reported by competitors. Adjusted EBITDA and Adjusted EBITDA margin should be used in conjunction with IFRS financial measures and are not presented as a

substitute for cash flows from operations as a measure of our liquidity or as a substitute for net income (loss) as an indicator of our operating performance.

² Remaining performance obligations, which Telesat refers to as contracted revenue backlog ('backlog'), represents Telesat's expected future revenue from existing service contracts (without discounting for present value) including any deferred revenue that Telesat will recognize in the future in respect of cash already received. The calculation of the backlog reflects the revenue recognition policies adopted under IFRS 15. The majority of Telesat's contracted revenue backlog is generated from contractual agreements for satellite capacity.

³ Includes severance payments and special compensation and benefits for executives and employees.