

Telesat (Update)

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Corporate Speakers:

- Daniel Goldberg; Telesat; President, Chief Executive Officer
- James Ratcliffe; Telesat; Investor Relations
- Donald Tremblay; Telesat; Chief Financial Officer
- Michel Forest; Telesat; Chief Technology Officer

Participants:

- Gregory MacDonald; Stifel; Analyst
- David McFadgen; ATB Cormark; Analyst
- Maher Yaghi; Scotiabank; Analyst
- Edison Yu; Deutsche Bank; Analyst
- James Ratzer; New Street Research; Analyst
- Caleb Henry; Quilty Space; Analyst

PRESENTATION

Daniel Goldberg^ Thank you all for joining us this morning.

It's Dan Goldberg chatting. And James, you've got a deck that is up.

James Ratcliffe^ Yes.

Daniel Goldberg^ Okay. Good.

We'll just jump right into it.

So I'm joined here this morning by Donald Tremblay our CFO, and a number of other colleagues.

And today we're really pleased to announce the signing of the largest revenue contract in Telesat's history.

We'll go over what this contract means to Telesat, and we'll also give you an update on our Telesat Lightspeed business plan.

A couple of housekeeping.

Before we begin, I'd ask you to review our standard disclosures. Today's discussion includes some forward-looking statements that involve risks and uncertainties.

And actual results may differ.

I'd also note that all the figures in our presentation today and that we will discuss today are in U.S. dollars.

So over to Slide 4, we've secured a USD 1.9 billion contract with the Government of Canada to deliver the Mil-Ka portion of the ESCP-P program which provides vital connectivity to the Canadian Armed Forces in the Arctic which is north of the 65th parallel for a period of 15 years which includes two 5-year option periods that we believe the government will exercise.

I want to note right upfront that we applaud the significant investment the Government of Canada is making to protect and defend the Arctic and its commitment to work with world-class Canadian companies like Telesat, MDA and others who are part of this program and the thousands of hard-working and talented Canadians we all employ to ensure the Canadian Armed Forces have the advanced capabilities they need to support the important work they're doing.

The government recognizes space as a strategic sovereign capability and as such, fast-tracked the ESCP-P program to ensure Canada could advance and protect its and its allies' interest in the Arctic.

Of the \$1.9 billion in cash revenue under this initial ESCP-P contract, \$1.5 billion of it will be paid prior to the beginning of service in the form of milestone-based payments to fund the expansion of our constellation to 225 satellites.

And as part of the overall ESCP-P program, we expect further significant contract announcements in the future for Mil-Ka as well as X and UHF band capabilities. Turning to Slide 5. To service the ESCP-P contract effectively and ensure there's adequate capacity for our customers in other verticals, we also announced we'll grow our constellation from 156 to 225 satellites, an over 40% increase in our global capacity.

The entire 225 satellite expanded constellation is fully funded and launch vehicles are already secured with the exception of one additional Falcon 9 rocket, where we expect to sign a final launch services agreement shortly. Donald will provide more detail on updated sources and uses for the Lightspeed program in a few minutes.

This translates directly into enhanced capacity, resiliency and performance for all our military and commercial customers.

Importantly, there's no change to our global service start date of Q1 2028.

I'll now hand over to Donald to discuss some of the financials for the contract.

Donald Tremblay^ Thanks, Dan.

With the expansion of the constellation to 225 satellite, we are expecting the total committed investment in the Telesat Lightspeed constellation to be approximately \$5.2

billion including contingency of \$500 million, up from \$3.8 billion which included a \$300 million contingency.

It is important to point out that the large majority of the cost of the constellation are fixed price contracts with MDA and SpaceX.

As of March 31, 2026, \$2 billion has already been invested in the program. The remaining \$3.2 billion including contingency, if necessary, will be funded by a combination of cash on hand, available capacity on the existing Government of Canada and Government of Quebec financing, our vendor financing and \$1.5 billion of milestone-based payment we will receive on this initial ESCP-P contract.

As Dan mentioned at the beginning of the call we expect to receive a total of \$1.9 billion in cash proceeds under the term of the 15-year agreement including renewal periods. Approximately 3/4 of the cash proceeds, \$1.5 billion, arrives as milestone-based payments in the 2026 to 2028 window, mostly before the in-service date, with the remaining \$450 million payable over the term of the 15-year contract.

However this contract is just the first step. Dan will cover this in greater detail in a few slides.

But in addition to the contract we announced this morning, we expect follow-on implementation and service contract to build out ground infrastructure, integrate terminals and operate the network for Mil-Ka.

On the UHF and X side, definition contract will support the end-to-end capability design, followed by implementation contract to deliver and integrate terminals. Bottom line, this is a multiphase program and today's award opens the door to several more. From an accounting perspective, the milestone-based payments will be considered deferred revenue and will be amortized over 15 years as it is highly likely the renewal option will be exercised. Consistent with past practice, the impact of the contract on the backlog reflects the total revenue we expect to recognize over the term of the agreement.

As a result, our backlog expects to increase by \$3.3 billion as a result of the contract.

Dan will now take you through what the contract means for further defense opportunity for Telesat Lightspeed.

Daniel Goldberg^ Good. Thanks, Donald. Not only are there significant further opportunities under the ESCP-P program, the expanded Telesat Lightspeed constellation including the advanced low-latency military Ka-band capacity we're bringing to market creates a foundation for additional defense requirements in Canada and globally. These opportunities include providing the Canadian Armed Forces with global Mil-Ka connectivity, not just Arctic coverage.

Beyond Canada, we're well positioned to support the SATCOM requirements of key allies and partners, conversations that are already underway and there's a broader opportunity in other space-based capabilities such as using Lightspeed as a data relay network supporting the backhaul needs of other satellites in orbit.

These opportunities all come in the context of dramatic increases in defense spending in NATO and allied governments. NATO members have committed to boosting defense spending to 5% of GDP by 2035. That would translate into a \$1.15 trillion or 73% increase from 2025 levels. Reaching these targets will require a particularly substantial growth of investment in Canada and at European NATO members, opportunities I think we're well positioned to support.

As part of this increase in spending comes increased demand for secure broadband satellite communications, now more than ever given the evolution of technology and modern warfare.

We estimate the addressable market for satellite defense broadband connectivity will be approximately \$43 billion by 2032. Demand for military SATCOM is growing at an unprecedented pace, and we believe LEO Mil-Ka capacity will be particularly useful for allied defense requirements across air, land and sea including unmanned platforms as well as sovereign infrastructure to underpin military AI adoption.

Because the Mil-Ka band is exclusive to government use in most areas, it further enhances quality of service and consumption is forecast to grow sharply.

So we'll now shift from ESCP-P and the opportunity landscape to a broader Lightspeed program update given this material announcement today.

As I mentioned on our last earnings call a lot has changed in the world since we first shared our Telesat Lightspeed business plan video.

Things changing in terms of both the marketplace and in terms of our offering with the addition of the Mil-Ka capability we announced in February and the expansion of the constellation announced today. The crucial Telesat Lightspeed building blocks are all securely in place, a 225 expanded satellite constellation with launches secured, over \$4 billion in backlog secured, \$2 billion invested to date and the rest of the cost for the program fully funded plus \$0.5 billion in contingency funding.

Our first two MDA satellites are well underway keeping global service in Q1 2028 on track.

So looking at the market and the additional opportunities that the greatly expanded constellation and Mil-Ka enable us to pursue, we're now forecasting \$4.9 billion in 2032 revenue for Telesat Lightspeed, a meaningful increase over our prior \$3.2 billion forecast. And our EBITDA forecast rises in step, up 52% as we continue to expect strong EBITDA contribution margins from our B2B-focused strategy.

Our 2032 revenue mix has shifted to reflect the changed geopolitical context and the addition of Mil-Ka.

We now expect approximately 46% of our 2032 revenue to come from the defense sector, up from 14% in our prior forecast. Growing momentum with defense users and Mil-Ka as a differentiator are key contributors to this change of revenue mix. Aviation and maritime are a slightly smaller share of our revised forecast, while enterprise is a materially smaller share, reflecting the big defense opportunities we see in the market and the significant portion of our capacity operating in Mil-Ka.

We estimate our addressable market for 2032 at nearly \$360 billion, and we forecast \$4.9 billion of Lightspeed revenue against it.

That's a 1.3% total addressable market share for Lightspeed and roughly 5% of the defense broadband connectivity market which, as we said, we expect will represent a little bit less than half, 46% of our revenue forecast in 2032. The largest pool, the enterprise terrestrial segment at \$294 billion is one where we expect to capture just about 0.25%.

So that continues to represent a significant long-term opportunity for Telesat. And in aero and maritime we expect to capture 7% and 13%, respectively, of those fast-growing segments. To achieve this higher expected growth, we've significantly accelerated the deployment of the Telesat Lightspeed constellation.

As we noted before the initial constellation will be expanded to 225 satellites and is fully funded. That's up from our prior plan of 198 satellites, of which only 156 were fully funded with the remaining 42 reliant on future cash flows. ESCP-P effectively pulls that expansion forward, adds to it significantly and has all of that fully funded today.

Over time as demand continues to grow in both commercial and military verticals and as the capacity of our initial 225 satellites starts to fill up, we expect to deploy by the end of 2032, another 70 incremental next-gen satellites which would bring the constellation to 295 satellites.

We had always planned to expand the constellation beyond the 198 satellites we had previously discussed, but our updated demand forecast have pulled that expansion into 2032.

I'll note that these satellites are all notional at this point in time which is to say those 70 expansion satellites and that we haven't made any CapEx commitments for the construction.

It will be a function of how the business is performing and whether or not we need them at that time. The market for LEO services, both government and commercial, is growing

dramatically, and we believe we're very well positioned for success in that market, making us bullish on the opportunity in front of us.

We have a 57-year history as a trusted and reliable partner, leveraging our engineering excellence and world-class customer service to bring our customers mission-critical enterprise-grade communications.

We've got a world-class fully funded constellation in Telesat Lightspeed with capabilities that make it ideal to meet the fast-growing requirements of both government and commercial customers all over the world.

We're showing strong traction for Lightspeed with more than \$4 billion in backlog already on the books. Lightspeed is optimized for fast-growing enterprise and government requirements, and it's fully funded with a \$4 billion backlog.

Finally, we've got the strong support of Canada's federal and provincial governments which we're grateful for.

So in sum, we're excited about the huge opportunity in front of us to execute on our growth plan to deliver the advanced mission-critical connectivity for our enterprise and government customers and to create significant stakeholder value.

With that, we'd be pleased to take questions.

As a reminder, we'll be reporting our second quarter earnings next Thursday not this Thursday but the next one.

So we ask that you hold off on questions on topics other than today's announcements until then.

So operator?

QUESTIONS AND ANSWERS

Operator^ Your first question comes from Greg MacDonald from Stifel.

Gregory MacDonald^ Congrats on the announcement today. Dan, I wonder if you could talk a little bit about the expanded scale and scope of the constellation itself and how that -- you've given us some details on what that does in terms of your revenue opportunity.

Can you talk a little bit more about the demand signals that you're getting from other NATO partners? How do you come at the increase from \$3.2 billion to \$4.9 billion? And how do we get comfortable that there's real demand there and how that's going to play out?

Daniel Goldberg^ Yes. No.

Well thank you for the question.

I mean the short answer is we're seeing significant concrete, tangible sovereign opportunities with Canada's allies literally all over the world. You can -- whether it's Germany, Italy, Korea, all of these have sovereign LEO programs of record.

They all want the capability in the near term. And we think that all of those requirements represent just an outstanding opportunity for Lightspeed. The Government of Canada has good relations with all those countries. The Government of Canada is engaged with its allies including on topics of collaboration in space and around defense spending and shared defense and sovereignty.

I'd note that the U.S. government is rapidly scaling up its defense SATCOM requirements. And I think we're very well positioned to meet some of those requirements as well. And then, yes, closer to home, the Government of Canada.

We've -- this is part one of the ESCP-P contract, but there are very meaningful further opportunities just again within the confines of the ESCP-P program.

We mentioned follow-on opportunities with Mil-Ka.

A lot of that's going to be around the ground segment, the user terminals, network integration. There's a UHF and X-band capability that MDA is priming, and we're a key subcontractor there.

We think that, that's a big opportunity for Telesat as well. And then the government of Canada doesn't just have requirements in the far north. They've got requirements all over the world and we think that we're well positioned for all of that.

So in any event, I mean I could go on and on, but we are, yes, heavily engaged in what I think are very promising discussions with defense users all around the world. And yes, I think our timing is excellent.

Gregory MacDonald^ That's great. Just a quick follow-up, and then I'll pass it on.

Can you talk about the timing of the follow-on opportunities as indicated on the ESCP-P program? That's --

Daniel Goldberg^ Yes.

I think on ESCP-P, I'm looking around the table. My expectation is that there's probably a follow-on Mil-Ka contract to deal with some of those ground infrastructure requirements, probably at some point next year would be my expectation. And then for the UHF and X band, probably would defer to MDA. They are priming that.

But I would say that's probably over the next couple of years, if I had to guess.

So that's my expectation of what ESCP-P looks like, recognizing the government has announced the ESCP-P program is committed to it.

But whenever you secure the next contract, you always got to go through the process of definition and funding and approvals.

But we're very confident that this is a capability that the government needs.

It's announced it.

And yes, we think we're really well positioned to continue to support it.

Operator^ Our next question comes from David McFadgen from ATB Cormark.

David McFadgen^ Yes.

So a couple of questions.

So I'm just trying to get at what I think the annual revenue would be.

So we should take the -- just assume it's a 15-year deal, so \$2.7 billion divided by 15 years, that's kind of what the annual revenue is going to be, right?

Daniel Goldberg^ There's a slide, I think it was -- it's Slide 8, David.

It shows the recognized revenue.

It just maps it right out, so you've got it there.

David McFadgen^ Okay.

I was trying to figure that out.

Okay.

So when I think about this deal, I mean obviously it's a very big deal.

It really accelerates the constellation build-out up to 225, right?

But it would seem like the amount of capacity that the government is licensing is still quite small relative to your opportunity that you see because you're saying 46% of the revenue from the constellation would be from government, right, or government defense, right?

Daniel Goldberg^ Yes. No. It's fair to say that we're providing a very significant capability to the Government of Canada in the Arctic. And it's also right to say that we have significant capacity, commercial Ka-band and Mil-Ka remaining for the Government of Canada, NATO members, and other key allies all around the world including the Arctic, even though the Government of Canada is getting a significant amount of Mil-Ka capacity in the Arctic, we still have lots of incremental available Mil-Ka capacity to support any growth that the Government of Canada would require above and beyond this initial commitment and of course capability for Canada's allies that also have interest in that strategic region.

David McFadgen^ But when you look at your \$4.9 billion forecast, right, 25% of that is for Mil-Ka, that's \$1.2 billion.

So when you divide it by -- I was just looking at Slide 8 where you're talking.

If you look at what the annual revenue would be, say \$180 million up to \$200 million.

So really, the government -- I mean great deal, obviously but there's still tons of Mil-Ka capacity that you can sell right, to other militaries around the world, right?

Daniel Goldberg^ Yes. No. That's absolutely the point. And as I mentioned, governments around the world are already well aware that this capability is coming.

We think it very much addresses the requirements that they're scoping out for themselves.

So we think we're well positioned there.

And yes -- and in building up a forecast like this, probably overly simplistic just to say you got 25% Mil-Ka capacity. Ergo, that delivers 25% of the revenue forecast.

So probably be useful to spend some time offline a little bit talking about our expectations about how things will unfold.

Operator^ Our next question comes from Maher Yaghi from Scotiabank.

Maher Yaghi^ I just wanted to start by a couple of housekeeping questions. The Q1 2028 commercial launch for Lightspeed, is that timeline still in place?

Daniel Goldberg^ Yes. Yes.

We tried to reinforce that, I think both in our press release and our remarks this morning.

So yes, these next 69 satellites, they'll just kind of roll right off the assembly line after the original 156 that we were already funded for.

So no impact to our schedule as a result of expanding the constellation by the 69 new satellites.

Maher Yaghi^ Okay. Perfect. And is there a way to maybe let us know if some of these satellites are solely military application based or they're all -- the 225, are they all going to be dual purpose?

Daniel Goldberg^ Yes. They're all dual purpose. They're all identical one from the other. They're frequency plan serving the user, 75% operates on commercial Ka-band spectrum. The other 25% operates on the Mil-Ka. The way the satellites work depending on what demand you have underneath the satellite and within its field of view, you can toggle a little bit, so it's not so rigid as to say only 25% of the satellite's capability, for instance, can be used to support Mil-Ka.

The way satellites work, it depends on how much power you devote behind a certain amount of spectrum. And so for instance, if a satellite was flying over a region where there wasn't a whole lot of commercial Ka, you could allocate more than 25% of the satellite's power, for instance, for Mil-Ka purposes and end up generating more than 25% of that satellite's theoretical capability for Mil-Ka.

And I should say the inverse is true as well. There wasn't a lot of Mil-Ka demand under the satellites' field of view, you could reallocate power to commercial Ka users. The system is pretty flexible, pretty dynamic.

Maher Yaghi^ Great. And how much of the \$1.5 billion, I think you mentioned it earlier, but in a slide, but the slides passed so fast, I couldn't take a picture look on them.

But how much of the \$1.5 billion milestone payments will you be receiving before December of this year?

Daniel Goldberg^ Before December of this year, we haven't said.

It will be, I don't know I'm guessing roughly a third or something like that.

So yes, somewhere between a third and 1/2 is the number. And this deck will be published if it's not already on our website under the Investor heading, I assume.

Maher Yaghi^ Okay.

So just to double-click on that, in 2026, you mentioned that this is milestone-based and the payments are milestone-based, I understand that.

But given your current expectations of delivering on those milestones, how much do you expect to get in cash from the government in 2026? And you probably know why I'm asking this question.

Daniel Goldberg^ I don't know why you're asking the question, but I'll still give you an answer.

It's around -- it's order of magnitude about a third of that \$1.5 billion.

Maher Yaghi^ Okay.

So let me ask the question more clearly then. Do you expect that the signing of this contract and the clear visibility of some of the cash flows that will come from this contract is going to influence your ongoing discussion with creditors?

Daniel Goldberg^ Well I mean for us, first off, the money that's coming in, these milestone-based payments are going to be used to pay our vendors for these incremental satellites, so that's MDA, that's SpaceX. Those will be the big ones, and then some other vendors as well so that's where that money is going.

It's coming into the Telesat LEO unrestricted group and not into the Telesat GEO group.

But having said that, this is a home run for Telesat.

It's, we think just massively accretive for the business and all of our stakeholders.

So anyway from our perspective, dramatically strengthens the financial position of the company, dramatically strengthens our ability to capture the requirements that we see in this fast-growing market for low-latency broadband satellite communication services including the very fast-growing demand for defense requirements.

So yes, this is -- it's the biggest contract in our history.

It's a great day for Telesat.

And so yes, I think anything that meaningfully strengthens the company's financial position, and I put this high on that list, that's just a very positive day for all of our stakeholders.

Maher Yaghi^ Maybe I'll just finish off with a question also related to the ongoing discussions. And you mentioned that not to ask your questions on Q2 results, obviously and this is not what I'm going to do, but can you give us an update on the litigation process? What -- anything you can help us understand where we are in the process and where are the next scheduled steps?

Daniel Goldberg^ You know what, I think we're putting out our Q2 numbers the week after this one.

So next week, we'll have a broader conversation about the business and the refi and all that next Thursday.

So we'll look forward to chatting with you about it then.

Operator^ Our next question comes from Edison Yu from Deutsche Bank.

Edison Yu^ Congrats on the deal.

I want to come back to a comment you made on sort of the sovereign opportunities outside of Canada with some of the allies. And I'm wondering what are you seeing in terms of the architecture that some of these countries are doing? Is it basically we have our own stuff, we'll use potentially Lightspeed, another commercial LEO to complement that? Kind of what is the mix or what is kind of architecture that you see from some of these allies where you're kind of trying to get some content on?

Daniel Goldberg^ Yes. No. I mean it's a great question.

So there are a number of them.

So maybe like in no particular order, there's IRIS2 which has been out there for a while. That architecture is a mix of MEO, LEO and then like very low LEO.

It looks like their main LEO capability will be leveraging Eutelsat's OneWeb, right? They're doing some kind of public-private partnership. That LEO should be kind of flying at the same altitude that we are, up around 1,300. From what I understand, just reading things in the trade press, we will also have Mil-Ka capabilities should be global.

I assume it will have inter-satellite links kind of like Lightspeed, so that -- now it's also going to have a Ku-band to carry on for the OneWeb constellation that's already in Ku-band.

So in some ways, certainly, that layer of the constellation to Mil-Ka flying at roughly the same orbits could very likely have optical inter-satellite links that are interoperable with ours.

Our optical links come from Airbus TSAT, wouldn't surprise me if they're a vendor for the IRIS2 capability as well although I don't know.

So anyway so that's one. The Germans, the German government is also talking about a sovereign LEO constellation. From what I know about it which isn't everything, but also has features that look similar to Lightspeed in some ways in terms of here again the orbit relying upon Mil-Ka capabilities.

And so we have some insight into what the Republic of Korea is doing here again kind of similar, similar orbits, Mil-KA.

So in any event -- and again because so many of these sovereign networks that are in vision kind of, in some ways, have a lot of the same features as Lightspeed, we think that positions us very well to, for instance, act as a bridge, an interim operating capability for them, potentially making these networks interoperable.

So over time they can provide a more resilient, more distributed, more capable, higher-performing service to their armed forces. Those are the kinds of opportunities that we see.

And then, of course there's the U.S. government which is very focused on having, I'd say multiple layers of resiliency.

So they're using Starlink and Starshield which operates at lower altitudes, probably anywhere between 400 and 600 kilometers. They use GEO up at 3,600. They'll use MEO.

And I think we'll have a really interesting capability for the U.S. government as well up at about 1,300 operating in Mil-Ka and commercial Ka with optical inter-satellite links that meet the standards that the U.S. government has put out there for optical inter-satellite link connectivity.

So in any event, there are a cornucopia of defense broadband requirements that I think Lightspeed is really well positioned to address. And the government of Canada, again very active and engaged around the world right now with its allies and looking to find opportunities to cooperate including in space, in LEO.

So all of that makes us very bullish about the opportunities that we have, certainly in the defense sector, but more broadly in some of these other fast-growing verticals that Lightspeed is optimized to serve.

Edison Yu^ Understood. Appreciate the color. A follow-up question on the -- perhaps some of the details around the milestones.

Were any of these, I guess in the near term, whatever the next six months, anything you can kind of call out specifically that would trigger these payments? And were these sort of new kind of markers relative to what you were doing what you anticipating to do before?

Daniel Goldberg^ So as far as the milestones, so the milestones are very much tied to the outflows that we have to our vendors to build the constellation. And so MDA will build these 69 satellites, and we want them as soon as possible, so they're going to be out there with their supply chain placing big orders, so we're jumping all over this. And so that's why in the roughly first two years or so, we expect to receive these \$1.5 billion in payments which again are going to go out the door to procure these new satellites, get them in orbit, and get them embedded into the constellation.

And then as far as the customer set, we announced a little while ago that we were already morphing the 156 satellite constellation to accommodate the Mil-Ka in the back of our

minds, and we believe there's a massive opportunity with the Mil-Ka, and the commercial Ka, and we were conscious at the time hey, we're cannibalizing, if you will, 25% of the commercial Ka-band for Mil-Ka, so we are very keen to restore the full capability and then some for the commercial Ka-band and scale up the Mil-Ka as well.

So still addressing very much the same customer set, but with a much more capable constellation that, again is 44% enlarged, relative to the 156 satellites that we had before. And when you add satellites, just kind of everything gets better. You've got more capacity, you've got more resiliency. You've got more satellites in the field of view of your landing stations and your user terminals which makes it easier for them.

It's just this kind of positive flywheel that you get.

So we are, yes, excited to be -- to have secured this capability.

Operator^ Our next question comes from James Ratzer with New Street Research.

James Ratzer^ Congratulations on announcing the deal.

So if possible, can I just dig in a little bit more on the kind of capacity that you are selling within Canada? So in the Mil-Ka opportunity as part of this ESCaPE contract, what percentage of your Mil-Ka capacity does this actually give the Canadian government access to?

Daniel Goldberg^ So we're not sharing exactly how much capacity the government is getting.

It's a lot, though.

It's some dozens of gigabits of Mil-Ka capacity for the Arctic but we have at least that much and more in low Ka in the Arctic to make available for the government of Canada if it wants expansion beyond what it's already committed to, or again to other allied countries who also have keen interest in that important region.

James Ratzer^ But if, let's say dozens means, I don't know like 50 gigabits per second, how much is your total Mil-Ka capacity do you see in the Arctic region in gigabits per second?

Daniel Goldberg^ Well here -- Michel, do you want to --

Michel Forest^ We have estimated that over the entire region, we have in the range of 100 gigabit per second in north of in the Arctic.

Daniel Goldberg^ Yes.

We've got a lot of capability up there. And as I talked about earlier, there's some dynamism in terms of how you can operate the network. And so if there's not a lot of commercial Ka demand, then we can generate even more capability for low Ka.

We'll just develop the resources on the satellite to fully exploit that capability, so it is a very significant capability.

And we've mentioned before I mean what we're bringing, even with just 156 satellites, what we're bringing to MilSatCom users is a sea change in terms of Mil-Ka capability relative to what's available in the market today and now expanding that capability by another 44%, it's pretty game changing for MilSatCom users.

We -- this is a great capability that's coming at a time when governments all around the world are rapidly expanding their spacecom capabilities in light of increased defense investment and in light of the changing nature of warfare with more and more connected platforms and sensors that are very bandwidth consumptive and need low latency, need high throughput and need great resiliency and security.

So timing could not be better on this.

Operator^ Our next question comes from Caleb Henry with Quilty Space.

Caleb Henry^ Congrats on the award. A couple of questions. The first one, I'm just kind of going back in the archives a little bit. When I saw the 295 satellite target, maybe think back to when Lightspeed was originally planned as 298 and then what's once described as being sort of ideal at 292.

I'm wondering if there's something magical about the 290 figure and sort of what changes for the constellation if you get to do that incremental 70 and get back to that range?

Daniel Goldberg^ I wouldn't say there's anything magical about it.

As I said before you want enough satellites out there and enough capability out there to -- yes, I mean it's all about delivering a great value proposition to the users. And so you need lots of capacity, you need a good number of satellites in view.

So you have a lot of resiliency and redundancy. You need enough satellites in view, so the elevation angles to the user terminal are supportive of being able to provide a great service.

And so with 225 satellites -- with 156 satellites, we already had, I think an outstanding constellation with this 44% expansion, it becomes even meaningfully better still.

Getting up to 290, that will be driven by future demand.

We think it will be there, and those next 70 satellites, not these new 69, but those next 70 satellites that we'd be ordering kind of in the 2030 kind of ZIP code if they're coming online in the 2032, those will be more capable still than the satellites that will make up the first 225 constellations.

So in any event, kudos to you for following the evolving story over time. And look, I do have no doubt, over time we'll grow this constellation to beyond 225 satellites, no doubt.

It's notional, those 70 satellites, but we're having all sorts of interesting conversations with all sorts of folks.

For all I know we'd expand the constellation even sooner if we had kind of a strategic anchor partner that maybe had particular requirements, so stay tuned.

What we have now is 225 committed fully funded satellites.

We've already executed the contract with MDA to procure these incremental 69, and that puts us in a great place. And I would note, we've got all the launches secured.

I mean it is an environment now that's becoming more launch constrained, and the fact that we've gotten -- it's all Falcon 9 rockets, they're very reliable, they launched at a very good cadence, puts us, I think in an outstanding position given what's going on in the market right now.

Operator^ There are no further questions at this time.

I would now like to turn the call back over to Dan Goldberg for closing remarks.

Daniel Goldberg^ Okay.

Well operator, thank you. And I really want to thank you all for joining us on very short notice.

We just put this announcement out at, I think 7:30 this morning. And I know we gave everyone not a lot of time and a lot to digest.

But a big step back from our perspective.

And look. We've been talking about ESCaPE for a long time and we had a big announcement with the government of Canada last December. And here again kudos to the government of Canada from going to that announcement that Telesat and MDA were selected as their strategic partners to just roughly eight, nine short months later to having this first big piece of the ESCaPE program already announced and out there.

But it is a home run for Telesat.

It's game-changing, I think in terms of what it means for the Lightspeed constellation and our ability to address and secure all these fast-growing requirements that we're seeing in the market.

We've meaningfully reshape the business plan with a very heavy focus now on these defense and sovereign requirements. ESCaPE is the first meaningful contract there.

But there will be more large contracts including with ESCaPE. And we're very focused on securing those.

So in any event, a huge day for Telesat.

We're all really excited and bullish about the opportunities in front of us. And we look forward to chatting with everyone in just about another 10 or 11 days here.

Our earnings call for Q2 is Thursday August 13.

So anyway so thank you again for your time this morning.

And we look forward to speaking with you again on the 13th.

Operator^ This concludes today's call. Thank you for attending.

You may now disconnect.