Telesat Corporation (Q3 2026 Results)
October 30, 2026

Corporate Speakers

- James Ratcliffe; Telesat Corporation; Vice President, Investor Relations
- Dan Goldberg; Telesat Corporation; President and Chief Executive Officer
- Donald Tremblay; Telesat Corporation; Chief Financial Officer

Participants

- Drew McReynolds; RBC Capital Markets; Managing Director, Global Research, Telecommunications & Media
- Edison Yu; Deutsche Bank; Analyst
- Erin Kyle; CIBC Capital Markets; Analyst
- David McFadgen; ATB Cormark Capital Markets; Managing Director, Institutional Equity Research
- Greg McDonald; Stifel Institutional; Director of Research
- Maher Yaghi; Scotiabank; Managing Director, Media Analyst
- Caleb Henry; Quilty Space; Director of Research, Senior Analyst
- Walter Piecyk; LightShed; Co-Founder, Partner; Technology, Media and Telecom Analyst
- Christopher Quilty; Quilty Space; Co-Chief Executive Officer and President

PRESENTATION

Operator: Thank you for standing by. My name is [Kate], and I will be your conference operator today. At this time, I would like to welcome everyone to the Telesat third quarter 2026 financial results.

(Operator Instructions)

I would now like to turn the call over to James Ratcliffe, Vice President, Investor Relations. Please go ahead.

James Ratcliffe: Thank you, [Kate]. And good morning, everyone. Thank you for joining us today.

Earlier this morning, we filed our quarterly report for the period ending September 30, 2026, on Form 6-K with the SEC and on SEDAR+.

Our remarks today may contain forward-looking statements. There are risks that Telesat's actual results may differ materially from the known and unknown risks and uncertainties. For a discussion of known risks, please see Telesat's annual report and updates filed with the SEC. Telesat assumes no responsibility to update or revise these forward-looking statements.

I would now like to turn the call over to Dan Goldberg, Telesat's President and Chief Executive Officer.

Daniel Goldberg: Okay. Thank you, James. And thank you all for joining us this morning.

I'll start with a few words about the business, and then hand over to Donald to speak to the numbers in more detail, and we'll then open the call up to questions.

We made good progress last quarter and in the first nine months of the year to advance our core strategic objectives and position the company for significant growth and value creation.

Certainly, the agreement we announced in August with Canada's Defence Investment Agency is a major validation of the essential and differentiated capabilities of the Lightspeed Network and of what we believe the magnitude of the opportunities in the defense vertical to be. The agreement, including option periods, is valued at $2.7 billion and will provide high-performance, secure communication services using military Ka-band frequencies to the Canadian Armed Forces in the Arctic.

And as we emphasized when we announced the agreement, this is Telesat's first contract under the ESCP-P program. There are more to come under ESCP-P for satellite communications in the Arctic, and we see meaningful additional opportunities above and beyond ESCP-P with the Canadian Armed Forces for services outside of the Arctic, namely the rest of Canada and other geographic areas of interest.

And we're also seeing very significant concrete opportunities with Canada's allies for defense and sovereignty requirements. The hostilities in Ukraine in particular have governments and their militaries all over the world focused on having assured access to an advanced LEO capability, like the one we're building, to protect their citizens and their territorial sovereignty.

We're very focused on supporting those needs. And of course, there's strong demand for advanced LEO services and other market verticals, including rural broadband connectivity, broadband for planes and ships, and other enterprise applications. Customers increasingly recognize the value of a resilient, secure, high-performance network designed for demanding mission-critical applications.

On the implementation side of things, the Lightspeed program continues to advance across the satellites, ground infrastructure, user terminals, and software systems that make up the end-to-end network. It's a significant undertaking, and I'm very pleased with the progress my colleagues are making across the technical, operational, regulatory, and commercial domains. With regards to schedule, MDA is progressing the first two initial satellites, which we need in orbit so that we can validate performance of the spacecraft and end-to-end network.

We've been exploring the best solution to launch these satellites, and given the very tight launch vehicle market, we're loathe to use one of our valuable Falcon 9 launch slots to launch just two satellites. We believe we've found a solution that will allow us to launch the satellites at a

reasonable cost by piggybacking on a third-party Falcon 9 rocket, which we expect will launch in mid-2027. We plan to test those initial satellites and the network for roughly two months. Once we're satisfied, we'll be able to start our full launch cadence, launching 15 satellites on each of the Falcon 9 rockets we've secured.

With all that said, we now plan to have full global service around the end of Q2 2028, as opposed to the end of Q1 2028, which was our previous target. To mitigate that slight delay, we've altered our satellite deployment strategy so that we can still support service in the higher latitudes by the end of Q1 2028, which means we'll be able to start the services for the Canadian military in the Arctic under the ESCP-P program, as well as our other northern rural broadband services as previously planned. The three-month delay in the global service date is reflected in our updated LEO-CapEx guidance for the year.

Turning to GEO, the business performed largely as expected through the first nine months of the year. The revenue reductions reflect the continuing structural changes in the video distribution and broadband markets we've discussed in the past, the impact of specific contract renewals and expirations, and the retirement of certain of our GEO satellites over the past 12 months.

Against that backdrop, we remain laser-focused on providing outstanding customer service and maintaining our strict OpEx and CapEx cost discipline. We're reiterating our 2026 GEO revenue and adjusted EBITDA guidance. Lastly, we remain focused on refinancing the Telesat GEO debt, which begins to mature later this year.

Our advisors continue to seek good-faith engagement with the Telesat GEO debt holders, and we're evaluating other alternatives as well with the goal of reaching an outcome that's fair to all stakeholders. And while I have no doubt that investors have questions on where things stand and the likely path forward, I hope folks appreciate that when it comes to the Q&A part of today's call, we're pretty constrained in terms of what we can say at this time.

And so with that, I'll hand the call over to Donald, who will take you through the financial results in more detail.

Donald Tremblay: Thank you, Dan, and good morning, everyone. My prepared remark today will focus on highlights from this morning's press release and filing.

In the third quarter of 2026, we delivered results in line with our plan and expectations, with consolidated revenue of $81 million, adjusted EBITDA of $12 million and a net loss of $157 million. For the first nine months of 2026, consolidated revenue was $247 million, adjusted EBITDA total $69 million, and net loss was $867 million.

Adjusted EBITDA and net loss include expense relating to our debt refinancing of $25 million during the quarter and $46 million for the year, up from $16 million and $26 million for the same period last year. The net loss for the quarter and year to date also includes losses caused by the increase in the fair value of Telesat Lightspeed financing warrants of $90 million in the quarter and $577 million for the first nine months of 2026.

This increase in the valuation of the warrants reflect a growing value of Telesat Lightspeed following the ESCP-P contract and the other progress we are making on the program. Interest expense total $55 million for the quarter and $155 million for the first nine months of the year. Interest incurred on the Telesat Lightspeed financing of $28 million for the quarter and $60 million for the year have been capitalized to the project.

Our GEO segment results were consistent with our expectations during the third quarter and for the year to date. We generated $79 million in revenue, down 21% or $22 million compared to the same period last year. For the first nine months, GEO segment revenue was $243 million, down 24% or $79 million. The decline was driven primarily by the non-renewal of a broadcast contract in 2025 and a reduction in contractual capacity for a broadcast customer in 2026, together with reduced service to a North American fixed broadband customer and the removal from service of certain geostationary satellites.

GEO satellite utilization was approximately 59% at September 30, 2026 and GEO backlog was approximately $800 million. Adjusted EBITDA of our GEO segment was $36 million for the third quarter, down 43% or $27 million from the comparable period in 2025. For the first nine months, GEO adjusted EBITDA was $135 million. Operating expenses, excluding costs attributable to our refinancing effort, were down 12% for the first nine months of the year compared to the same period last year.

Excluding costs relating to our refinancing, GEO EBITDA for the third quarter would have been $61 million with an adjusted EBITDA margin of 78% compared with 79% in the same period of last year. For the first nine months, GEO adjusted EBITDA, excluding the refinancing expense, would have been $180 million with an adjusted EBDA margin of 74%.

On the LEO front, we invested $360 million in the Telesat Lightspeed speed programs during the third quarter of 2026, comprising $344 million in capital expenditure and $24 million in operating expense. For the first nine months, total investment was $705 million, including $641 million in capital expenditure and $64 million in operating expense. We ended the quarter with a backlog of approximately $5.6 billion in our LEO business segment.

Turning to liquidity, at September 30, 2026, we had consolidated cash and cash equivalent of approximately $814 million. We received $510 million of milestone payments during the quarter under the ESCP-P agreement, with a further approximately $1.5 billion in milestone payments due as we reach the development and deployment benchmark. In addition, we had approximately $1.5 billion available to draw under the Telesat Lightspeed financing at the end of September.

Based on our performance through the first nine months of 2026, we are reiterating our GEO segment guidance for the year, with revenue of $300 to $320 million and adjusted EBITDA of $210 million to $230 million, excluding non-recurring debt refinancing costs. Given our actual CapEx and OpEx spending in the first nine months and our forecast for the fourth quarter, we now expect full-year Lightspeed spending to be between $1.1 billion and $1.3 billion, below our previous guidance of $1.3 to $1.5 billion.

Before I conclude my prepared remark, I would like to confirm that as of the date of our filing, we are in compliance with the financial covenants of our Telesat GEO financing and Telesat Lightspeed financing.

I'll now turn the call back to the operator for the Q&A. Thank you.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Your first question comes from the line of Drew McReynolds with RBC Capital Markets. Your line is open.

Drew McReynolds: Yes. Thanks very much and good morning.

Dan, I know you're constrained, obviously, with respect to the debt refinancing process. Just wondering if you can comment on when you think about fair value and a fair outcome here, does that include potential equity issuance among obviously the other alternatives and options you're looking at?

And then the second question on the LEO backlog build, obviously you're pretty optimistic on kind of future government and defense contract pipelines. Any updated comments on maybe the timing of some additional contracts either by the end of this year or certainly through 2027?

Thank you.

Daniel Goldberg: Yes. Okay. Good morning and thanks for the questions.

On the first one, you're right and I noted it in my affirmative remarks. There's just not a whole lot we can say at this point on the refi. You asked a question, I think, about equity issuance and all I'd say is, yes, it's just premature to speculate on that right now. We've said that getting the refi addressed is a key priority of ours. We're -- through our advisors engaged with the lender group, and their range of alternatives that we've got under consideration. But beyond that, there's just not anything more we can say at this time.

On LEO backlog, so, I mean, obviously, we've grown it very meaningfully this year with the ESCP-P contract and other smaller opportunities throughout the course of the year. And the pipeline, particularly on the sovereign opportunities is compelling. As far as timing, these sovereign opportunities just sort of by definition involve government. So, it's always hard to handicap exactly when things will close.

If I were to speculate, I think over the course of mostly next year, I could envision some meaningful opportunities getting closed. And that's just sort of what it feels like right now, again, with all the caveats that it ain't done until it's done. And working with government customers is harder still to handicap the timing of those things.

But the reality, though, is there's a growing recognition of what we're building. There is a growing and heightened need throughout -- around the world to have a capability like the one

that we're building. And so, all of those things suggest to us that, yes, we're very well-positioned to close some meaningful opportunities.

Drew McReynolds: Okay. That's great. Understood. Thank you very much.

Daniel Goldberg: Thank you.

Operator: Your next question comes from the line of Edison Yu with Deutsche Bank. Your line is open.

Edison Yu: Hey, good morning. Thanks for taking our questions. First, I want to ask about the LEO side, and I'm sure you -- and I think you kind of alluded to this earlier on the Starlink-Starship situation.

Can you maybe help us understand what are the -- I guess for you, what kind of -- is it terms of service or priority? How do you envision scenarios like that playing out in the future in respect to Lightspeed?

Daniel Goldberg: Edison, thanks for the question. Just if you could just be a little bit more specific, what do you mean?

Edison Yu: As in I think at least from what's been reported, right, it was turned off. But obviously, Ukraine did not want that, and I think there was a terms of service violation, and you have kind of -- I think, many parties kind of saying things. So, I guess, if you think about Lightspeed and its sovereign use, is it like -- is it a terms of service thing?

Is that different? Is it who has ultimate say in what you can do and stuff like that?

Daniel Goldberg: Okay, I got it. Maybe a couple things about that. And for us, like we have no privileged insight into what unfolded with Ukraine and SpaceX and the like.

But for us, and Telesat has been around for almost 60 years now and working with allied governments, Canada, U.S., other allies, is something that, yes, we've done for decades. Lightspeed, for sure, has great interest for sovereign users. And we added the military Ka-band frequency specifically for allied governments to make use of to support their defense and their sovereignty requirements.

In terms of terms of use, just a couple things. One, not surprisingly, we require our customers to comply with the law and all the applicable regulatory frameworks. So, that's always there.

We ourselves are subject to, certainly, the jurisdiction of the government of Canada. And then when we get market access all around the world, we're subject to the licensing terms of the various countries that grant us permission to serve their markets. And that's something that we take seriously.

And the system is built to comply with whether that's lawful intercept or the ability to turn off service, things like that. The system's built to support that. And so, that's kind of the framework that we operate in.

And then, for sure, when it comes to how the government of Canada could use the Lightspeed constellation -- and again, they're a big anchor customer with the deal that we did with ESCP-P and maybe other sovereign governments that we enter into arrangements with. There, in terms of how Lightspeed is used there, we would be in close coordination with the government of Canada in particular to make sure that we're on side in terms of the use of the network.

And the government of Canada, of course, would have its own relationships and understandings with the allies who would make use of the Constellation. So, that's a lot of words, but that's how we would approach it.

Edison Yu: Got you. Got you. Appreciate the color.

Follow-up, actually, on the launch side, you have a very detailed roadmap on how you plan to do that. I'm curious in terms of going forward. I know you have the launch secured, but I think everyone sees what's going on in the market and feels it's very tight. I guess, how do you think about just the capability of launch after Lightspeed, in case you want to add more satellites, in case you want to -- you're involved in a different type of constellation?

Is that going to be kind of super handicapped because capacity is so tight and/or pricing is so high? How do you think about that?

Daniel Goldberg: Yes. No. And it's something that, yes, we're certainly focused on. To the point you made, we have the arrangements in place already with SpaceX for the current Falcon 9s, and there's one more. So, we're under contract for 14 Falcon 9 rockets.

We need a 15th. We've got an agreement in place with SpaceX for the 15th, although it's still in the process of being finalized. So, we feel good about having made provision for the 225 satellites that we're launching.

We've got -- I feel like we have the right rockets to deploy that. But your question was, okay, what comes next? And so, there, I'd say maybe a couple of things.

SpaceX talks a lot about the development of Starship, and they're optimistic that they'll have Starship launching in a regular cadence early next year, from what I recall, what they said on their last call and our own discussions with them. From what I understand about the availability of Starship for companies like Telesat, third parties, it's my understanding, first and foremost, right, I mean, they'll focus on the deployment of their own satellites and their own requirements. I'd say, secondarily or right alongside of that, the U.S. government will be a priority customer for them and maybe other governments as well. It's certainly going to be up to them.

I do believe that so long as our next-gen satellites are configured in a way that can go into their dispenser, the same dispenser that they'll be using to deploy their own satellites, I believe at this

time, we've got some expectation that Starship would be available to Telesat to support future missions. So, that's how we think about our future with SpaceX. And then there are other providers.

And there are other providers on the market today, not where I think the industry would like them to be right now, but they're all sort of ramping their capacity and capability. And then there's some new entrants that are coming onto the market as well. And some of those options are quite promising.

And so, I think it's something that we pay a lot of attention to. But I think that as we grow the constellation, and it is our plan to grow the constellation so long as the demand is there for it, I think that through those different platforms, we'll have a path to get our satellites deployed.

Edison Yu: Thank you.

Operator: Your next question comes from the line of Erin Kyle with CIBC. Your line is open.

Erin Kyle: Hi. Good morning, and thanks for taking the questions. I just wanted to follow up a question on the launch schedule that you provided and the timeline shift for global service into Q2. I just want to clarify there that that shift is predominantly related to the timing of when the pathfinders are going up now and the period of time you need to wait before you can progress the launches. And there's not any other scheduling issues on the manufacturing side. As it stands, MDA is on track?

Daniel Goldberg: Hi, Erin. Thanks for the question. So, on the launch, so as we said, we are zeroing in on having the ability to piggyback on this other Falcon 9 launch vehicle that we're expecting will launch mid next year. So, sort of June kind of timeframe.

MDA is progressing the first two satellites. We've called them in the past pathfinder satellites that that will go on that launch vehicle. Those satellites aren't complete yet.

We expect them to be complete in time for the June launch. And we expect that the production level satellites, so our first launch of our full suite of 15 satellites on our first Falcon 9 launch opportunity, we're expecting that to be in sort of the September timeframe. So, a little bit less than a year from now, we expect that those satellites based on what we're hearing from MDA and what we're seeing will be available in that timeframe.

So, that's -- but, yes, 100%, though, it's tied to -- it's tied to two things. One, MDA having the satellites and the software that's required available to support those launch timeframes. And then that first launch vehicle being available to us in June. And then, we'll go from there.

Erin Kyle: Okay. Thank you. That's helpful detail.

And then maybe just for my follow up, and you touched on this in the prepared remarks, but I did notice the fair value of the warrants that are increased again this quarter. Just wondering if

you could provide any extra color on what's driving that value increase, as I know last quarter's adjustment reflected the ESCP-P contract.

Daniel Goldberg: Yes, Donald, do you want to handle that?

Donald Tremblay: Like, I guess, it's like the program is advancing. And then as we progress, like, risk forward, like, coming down a little bit. So, that is basically helping us increasing the value when we're doing the work on the project valuation, basically.

Erin Kyle: Okay. So, tied to progress and the risk profile.

Donald Tremblay: Exactly.

Erin Kyle: That's helpful. Thank you.

Donald Tremblay: Exactly.

Operator: Your next question comes from the line of David McFadgen with ATB Cormark. Your line is open.

David McFadgen: Yes. Great. Yes. So, a couple of questions. So, the timing now for you being fully up and running and generating revenue for Lightspeed would be Q2 '28, not Q3 '28?

Daniel Goldberg: So, the words fully up and running and generate revenue, David, I -- for me, they're two different things. So, what the plan is, is we'll launch our first satellites in -- we'll start in September next year. And then the plan is to go launching about every three weeks or so.

We believe that with that schedule, by the end of Q1 2028, which was when we last updated the market, we wanted to have global coverage by the end of Q1 2028 because of the update that we gave today that's sliding back about three months. But still, by the end of Q1 2028, we're expecting to have enough satellites in orbit that we can start commercial service in the northern, I should say, the higher latitudes. That will allow us to start the ESCP-P services under that first contract that we have with the Government of Canada.

It will allow us to start providing broadband connectivity to some of the communities in the far north. And we think that the constellation at that time could support other services, too. So, we're working, for instance, for broadband to planes, right?

Certainly, the planes that are flying in those higher latitudes, we could potentially already start connecting them to Lightspeed. So, we're evaluating what other use cases we could start by the end of Q1 2028, which means that we expect to start recognizing revenue in that timeframe.

Now, by the end of Q2 2028, that's when we expect to have global service. And then again, we'll have global service, but then we'll continue to launch more satellites until we deploy all 225.

David McFadgen: And the expectation to have all 225 up in space is when exactly?

Daniel Goldberg: I think they'll all be in orbit under our plan by the end of 2028, although some of them might still be doing some orbit raising and we might still be inserting them into the constellation. The original 156, before we added the other 69 with ESCP-P, will be in place providing service, we expect probably in, call it, Q4 2028. And then the other 20 -- the other 69 will come online.

David McFadgen: Okay. And if you're not able to provide the government with service for ESCP-P by the end of Q1 2028, are there any financial implications from not being ready at that point in time?

Daniel Goldberg: No. No. It just means we'll have to wait a little bit longer before we can light up the service and start recognizing revenue. But, no. No.

Daniel Goldberg: We expect probably and call it -- Q4 2028, and then the other 69 will come online.

David McFadgen: Okay. And if you're not able to provide the government with service for ESCP-P by the end of Q1 '28, are there any financial implications from not being ready at that point in time?

Daniel Goldberg: No. No, it just means, we'll have to wait a little bit longer before we can light up the service and start recognizing revenue. But no.

No.

David McFadgen: Okay. So, no financial penalties or anything. Okay.

And then as we look to 20 --

Daniel Goldberg: [Zippo] --

David McFadgen: I'm sorry?

Daniel Goldberg: I'm sorry. I said [zippo], which is to say no financial penalties.

David McFadgen: Okay. Great. So, it's obviously November very soon. As we look to 2027, just kind of wondering if we're going to see a bit of a slowdown in the decline on the GEO side.

I don't know [if you] can give any color right now, but I thought it's worth asking.

Daniel Goldberg: I'm sorry, David. Ask that one again if you could.

David McFadgen: What do you think about the revenue decline for the GEO business in 2027? Like, do you think it could slow down?

Daniel Goldberg: Well, we'll give guidance, obviously, for 2027 as when we provide our guidance. That'll be early next year. So, I mean, just in my own mind, first off, the business has been trending down.

Some of our GEO satellites have reached the end of their lives, and they've come out of service. And so, there'll be some of that. The Nimiq 6 contract with Bell comes up for renewal sort of mid-next year.

Our expectation that that's an important satellite for Bell, and certainly they still have a lot of subscribers that are still needing that service. My expectation is that we will renew that contract with Bell, likely to come at a lower rate, which will provide some, headwinds in terms of what next year looks like. But anyway, so my expectation is there will be further revenue declines.

But again, we'll give guidance on that early next year.

David McFadgen: Okay. All right. Thanks.

Daniel Goldberg: Thank you.

Operator: Your next question comes from the line of Greg McDonald with Stiefel. Your line is open.

Greg McDonald: Thank you, Dan. I'm going to try and ask another question [on this to you the debt], but it's one that I think you might be able to answer. So, the changes that have happened in the last three months, one of the big ones is the Defence Industrial Agency becoming a Crown Corp, or about to become a Crown Corp with new financial powers.

My original thought on that was that it increases options for backstop scenarios, for bridging scenarios, even given your new slightly changed free cash flow profile, maybe partial maturity, partial refi scenarios. So many non-dilutive options. Would you read the same way?

Is that DIA change informing your commentary on, quote, unquote, "other alternatives as well?"

Daniel Goldberg: No. No, it's not.

Greg McDonald: So what is informing that new commentary?

Daniel Goldberg: Well, I don't think that's new commentary. I think we've suggested for some time that our focus has been on reaching a consensual outcome on the refi that we've been engaging in good faith. But we've always emphasized that there are a number of alternatives that the company has been considering.

And so, I don't -- it's not a new message from us around the refi. I think we've been pretty consistent in our communications around that.

Greg McDonald: Okay. And then the second follow-on is just on going back to the Starshield, I'll call it restrictions, or I think that's the way that they mentioned it. Have you gotten any increase in engagement from non-Canadian potential clients since that?

Is that like lighting a fire in Europe more so than it did back in '23 or '22? I forget the first time they did that.

Daniel Goldberg: I'd say for some time now, governments have appreciated how consequential having access to an advanced LEO constellation is. And so, we've been having good engagement with the government of Canada. And as I've mentioned, with Canada's allies on using Lightspeed for their own sort of sovereign requirements.

It's certainly the case that the development with SpaceX in Ukraine has animated various governments. I read the news like everyone else. Certainly, we've read that the Europeans are wanting to move with increased focus and whatnot on, for instance, [IRIS2].

So that's something that we've read. I guess all I would say is, yes, just the way modern warfare is waged right now. The importance of these autonomous networks, the importance of having a high throughput, low latency, highly resilient network has just become really essential.

Canada has identified space as a key sovereign capability in its fairly newish defense industrial strategy. And I think other governments, whether doing that explicitly, like the government of Canada did, or just more a tacit recognition. Just all of that, I think, has, yes, created, yes, I guess that's fair, more momentum around some of the discussions that we're having.

And our timing is such that we're coming to market soon. We're having our first launch of the initial two satellites, and those will be tested not just by us, but by users as well. That's coming up in seven or eight months.

And then less than a year from now, we're going to be launching lots and lots of satellites. And so, I think that's very well known to the market, our timing, that we are well advanced in the project. So anyway, yes, that's the environment right now, which is why when we're bullish about what the pipeline looks like, when we have confidence about signing and announcing meaningful contracts over the course of next year, it comes from that.

It comes from those conversations and the environment that we're in right now.

Greg McDonald: Much appreciated. Thanks, Dan.

Operator: Your next question comes from the line of Maher Yaghi with Scotiabank. Your line is open.

Maher Yaghi: Great. Thank you for taking my question, Dan. Correct me if I'm wrong, but on October 23rd, and without getting into the conversation that you're having with the plaintiffs in the court, and I fully understand how that is privileged information and confidential, but can you give us maybe just a big picture view of what the plaintiff's settlement proposal that they made on the 23rd was?

Daniel Goldberg: Thanks for the question. No, I don't think it's really appropriate for us to wade into the that sort of a thing. And trying to conduct these refinancing engagement through the newspapers doesn't seem like a good idea to us. So, I guess all I would say is we've got some very capable advisors that are supporting us.

They are engaged with the debt holder advisors. And our focus is genuinely achieving an outcome that's good for the company, good for the various stakeholders that we have. And that's what we're spending our energy on.

But it's just not productive to go into the details of kind of exactly the nature of the conversations right now.

Maher Yaghi: Okay. That's fair. I understand. And maybe just to shift on the commercial side, which is more exciting and probably you can talk a little bit more about that.

Should pushing out the launch or the commercial the commercial phase of LEO, does that affect any way the pace of how and when you can sign new contracts ahead of that launch, i.e., your commercial partners that you're talking with the airlines potentially or any kind of terrestrial operators, are they waiting for validation from the two initial launches that you're going to be making for them to commit into some sorts of long-term contracts?

Daniel Goldberg: Yes, it's a great question. And I would say that that, yes, for some customers, they absolutely want to be able to test a real network and test the satellites. And we've got sort of a queue building up of just exactly those kinds of activities, doing real world testing with various customers all over the world.

And then there are other customers. I mean, again, that's why we have 5.6 billion of backlog right now on LEO. There are other customers that have done significant technical due diligence.

They've toured the factory. We have as you probably know, a low Earth orbit satellite in orbit right now. It's not as capable of the light speed satellite.

So, it will be built, but still a LEO satellite. And we can do quite a bit of testing and demonstrations with it. And so, there are other customers that are competent proceeding contractually with that.

We still need to deliver the service. They can sign a contract. But if we're unable to deliver the service that we've promised to deliver, then obviously they're not required to write us checks.

But it is important for us to get those initial satellites up. And then it's important for us to keep launching. The more satellites that we have up there, the more testing that we can support, the more real life it is in terms of how the network operates, how the traffic is handed off from satellite to satellite, from gateway to user terminal and all of that.

And so, we're very focused on getting it done. And we have -- we shared that we're sliding back by three months, the date of global service. The good news, though, is we are going to launch commercial service as planned at the end of Q1.

We would prefer global service, but being able to support the higher latitude requirements, which are significant for Telesat with the ESCP-P program and other requirements, that's important for us.

Maher Yaghi: Great. Great. Thanks.

That's good to hear. And maybe just one last clarification. Can you just clarify for us the push out of the two test satellites is the decision that you guys made in terms of logistics on launch logistics and not due to any kind of delays, production delays of these satellites?

I'm just trying to make sure we understand it very well.

Daniel Goldberg: Yes, no, I'd say it was twofold. The initial satellites are not yet ready for launch. The hardware is coming together.

I mean we spend a lot of time in MDA's factory, and it's good to see those two satellites being assembled, which is exactly what's happening right now. There's also software that needs to be available to support the operation and unlock, I would say, the functionality of the satellites, software that MDA needs to deliver, and then software that Telesat, that we develop as well to fully exercise the capabilities of the satellite, which are important to do the testing. So, today, that work is still being done.

We expect it to be fully done in time to support the June launch opportunity that we have. So, it's those two things. I mean, if the launch vehicle were available today, we wouldn't be ready to put those first two satellites on it.

But it was never our expectation that we'd be doing it now. But that's kind of what the situation is.

Maher Yaghi: Got it. Thank you very much.

Daniel Goldberg: Okay, thank you.

Operator: Your next question comes from the line of Caleb Henry with Quilty Space. Your line is open.

Caleb Henry: Hi, thanks for the question. The first is on backlog. Of the $5.6 billion, how should we think about conversion once the service starts?

And is that even, or does it ramp? And how much does take-or-pay?

Daniel Goldberg: How much does take-or-pay? I mean, it's pretty much all take-or-pay, the whole $2.6 billion. In terms of how it, maybe a couple of things.

So, one, we've got the $600 million deal with the Government of Canada for rural broadband connectivity. That's a 10-year deal, and the revenue recognition there is pretty much linear. So, about $60 million a year.

And as we talked about before on that contract, that creates a pool of bits that rural ISPs in Canada can tap into. And when they do, and the Northwestel contract that we announced, I think, earlier this year is an example of that. That's on top of the $600 million.

So, we expect that $600 million from that pool of capacity to be greater. On the ESCP-P contract, I think we provided quite a bit of information about the ESCP-P contract. There's a big prepayment that comes in and it's already started to come in this year and next year as we build the 69 satellites that the ESCP-P program helped unlock.

Again, ESCP-P is going to be leveraging all 225 satellites. So, a lot of the $2.7 billion of revenue recognition, that's the $2.3 billion for the initial piece, and then there are two option periods of $200 million apiece. But the revenue recognition, there's a difference between cash and revenue recognition.

The revenue recognition will be more or less over a 15-year period, pretty flat, I think, but the way the cash works is different. And because nearly CAD 2 billion is being paid up front, there's also this financing component. And we've tried to be very transparent about that and show what that looks like in some of the materials that we've provided.

And that, those two alone cover so much of that $5.6 billion. Then we've got a meaningful contract with Viasat, and that is also a take-or-pay contract, but that one ramps. And it's a meaningful contract, but I don't think we've disclosed the exact value of it. I think that's responsive, Caleb.

Caleb Henry: Yes, that's very helpful. Thank you. And then just my last one is on the user terminals.

If you could give a sense of the roadmap for what the first types of user terminals you expect to be ready and then how they come online after that. From your earlier comments, it sounds like maybe enterprise and then aeronautical, but I'm wondering if that's right and how we should think through their availability.

Daniel Goldberg: We are progressing kind of a whole family of user terminals in parallel. So, there will be user terminals that can support kind of fixed land applications, and those are well

under development. There are user terminals, and these are flat panel antennas that I'm talking about.

There's also a parabolic antenna, too. Those are very useful for, call it remote communities that need lots and lots and lots of capacity. But on the flat panel side, and we're seeing the market very much wanting the flat panels, we are progressing in parallel the FPAs, flat panel antennas, for the fixed kind of land market for enterprise applications.

Same with maritime. I mean, they're basically the same antenna, but with some modifications to support a maritime and mobile environment. We're working also in parallel on the aeronautical antennas that could go on commercial, large commercial planes, but also biz jets as well.

Those are two different kinds of antennas. And then some particular types of antennas, I'd say more ruggedized, sometimes multi-frequency even, for defense applications. So, those are all progressing, I'd say, well, and we fully expect them to be available, of course, when we're coming online for the various customers that we have.

Caleb Henry: Thank you.

Operator: Your next question comes from the line of Walter Piecyk with LightShed. Your line is open.

Walter Piecyk: Hey, Dan, how's it going? Question, follow up on Viasat. I mean, that was one of your early sign-offs for Lightspeed.

Just curious, if you look at the 2030, 2035, a customer like that, what percent do you think they represent of the total? Would they be the largest or would they just be one of many customers that you would be generating services or revenue from on Lightspeed?

Daniel Goldberg: I mean, we don't really -- we don't really do our kind of projections kind of customer by customer like that. We do it more kind of vertical by vertical, region by region. And then if there are kind of big, chunky, if we're tying for particular customers, for sure, if we've got a contract with them already, we just kind of roll out the backlog and that underpins the projections.

And then you do that with countries as well, the governments, because those are big, chunky opportunities. So with Viasat, I'd say kind of it depends. Viasat, obviously, a large provider in the commercial in-flight connectivity market for aeronautical.

But they're also a meaningful provider to governments, including the U.S. government, of course. They've got ambitions in the maritime space. So we'll have to see.

We've got what I think is a very good partnership with Viasat. We've worked with Viasat for decades as a -- sometimes they're a customer of ours. Sometimes we're a customer of theirs.

Sometimes we do things together. So in any event, I'd say, they're a channel for us in a lot of those different verticals.

Walter Piecyk: Got it. And then just I think just following up on Chris's question, that contract is take-or-pay so that if Amazon purchased Viasat, and I'd also be interested in your views on the industrial logic of an acquisition like that. But if that did occur and they wanted to integrate Amazon's future LEO as well, does that contract still get paid out? Or is there an ability for them to step away from it?

Daniel Goldberg: No, I mean, the contract is a take-or-pay commitment. So long as we meet our obligations, they need to meet their obligations, which is to say pay us. And we intend to meet our -- we intend to meet our obligations.

Certainly today for Viasat, having access to Lightspeed, I think, is an important strategic focus of theirs. So, yes, that's kind of how we think about it.

Walter Piecyk: Got it. Thank you.

Daniel Goldberg: Okay, thank you.

Operator: Your next question comes from the line of Chris Quilty with Quilty Space. Your line is open.

Christopher Quilty: Thank you. How did you let Caleb in before me and ask questions? Never mind.

James Ratcliffe: He pressed star one first. I know that.

Christopher Quilty: Okay. I did have a follow up question or maybe a commentary on the terminals. We don't have to go through it here, but it'd be helpful on future calls or in your deck if you kind of run through who those vendors are. Just know in the history, whether it was Inmarsat rolling out BGAN and they didn't have terminals or Iridium rolling out Certus and they didn't have terminals.

The Navy, the MUOS system was up for years. They didn't have terminals. It's historically been a big challenge. And I think having some visibility on that would be super helpful.

Daniel Goldberg: Yes, no, we take the point. We've made some announcements about the folks that we're working with in the past. We've, I think, made some announcements around Intellian, around Cast, Farcast, which used to be called UTVate, I believe.

And so we've been pretty transparent about the folks that we're working with out there. We've done some demos with others. We tend to make press releases when we do that.

So, but yes, and listen, we share your view. It's critical having satellites in orbit and ground stations rolled out and software managing all the traffic is great. And it's necessary, but it's not sufficient.

You need capable, affordable, high-performing user terminals out there that can support a range of use cases. And the use cases are kind of multiplying with the passage of time, including for these defense requirements. And we are very focused around here on making sure that Lightspeed can support those various use cases and that there are terminals available for our customers, timely available to our customers to support all that.

But I would say go back and look at some of the things that we've said before about the folks that we're working with. And there are good developments on the user terminal side in terms of new technologies, new chipsets that are coming out, and all of that that just make it better and better.

Christopher Quilty: Yes, and I guess I should have qualified. I mean, as you go forward and those vendors go through the testing and whatnot, keeping us updated on the status to make sure everything's aligned.

Daniel Goldberg: Yes, yes.

Christopher Quilty: Also I think, you mentioned bringing the polar service in. How many satellites do you need for that?

Daniel Goldberg: Oh, I think we estimate around 45.

Christopher Quilty: Okay. And then another question.

Daniel Goldberg: So, I mean, just to do the math, that's three launches for us.

Christopher Quilty: Yes.

Daniel Goldberg: Sorry.

Christopher Quilty: And I think you're talking about like a three-month timing between the Pathfinder and operational satellites. Is that enough time to test out a satellite? I couldn't look, but I don't know how long it was with like Globalstar before they had the reaction wheel problems. I think it was more like three to six months.

Daniel Goldberg: No, we've got what we consider to be a very comprehensive test campaign. It's more like in the 60-day kind of range. And we've said it before, but I'll say it again.

We're going to do an enormous amount of testing on the ground. It doesn't obviate the need to do testing with real satellites in orbit. But, no, we feel confident that, and we'll have all the ground stations around the world that we need to support the testing.

We've got a detailed kind of testing validation protocol for all the various network elements, including the spacecraft, of course. So, yes, no, we, I would say Telesat is many things. But one thing we're very good at is bringing new spacecraft in the service. And so the team, I think, has a robust approach for that.

Christopher Quilty: Got you. And final one, if I can, just on the sovereign deals, I think there's sort of two models we're generally seeing in the market where either you sell a system to the customer. And maybe use the Starlink example, right?

The SpaceX sold satellites to the NRO for their proliferated LEO, which was a sale transfer to the government, even though they fly them, versus Starshield running across the Starlink as a service. And then perhaps, again, the ESCP-P almost looks kind of like the WGS-type arrangement where allied countries contributed for capacity. I mean, which of those models or are there others that you're talking about with sovereign customers? And are you able to meet all those models?

Daniel Goldberg: Yes, maybe a couple of thoughts on that. In many instances, and again, I'll go back to something I said earlier, we've been serving the sovereign market for decades. So, one model is we're just providing a service on Lightspeed, on the Lightspeed network to an allied government. That's one.

Two, we're providing the service to a trusted service provider of the allied government. So pick a country and imagine a satellite services provider in that country that has a very close relationship with their own government and has served that government for decades.

That's another model. We contract with their trusted service provider who, in turn, provides a service to them. Sometimes it could be government to government.

And so we're providing the capability, for instance, to the government of Canada, and they enter into their own arrangement with one of their allied governments. And it goes that way. And some of these things aren't mutually exclusive.

You can mix and match on a particular opportunity. That's kind of what it's looking like to us right now.

Christopher Quilty: Very good. Thanks for the details.

Daniel Goldberg: Okay. Thank you.

Operator: I will now turn the call back over to Dan Goldberg, CEO, for closing remarks.

Daniel Goldberg: Okay. Well, Operator, thank you very much. And thank you all for joining us this morning. And we look forward to chatting with you again when we release our full year numbers. So, thank you again.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.