

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis (the "MD&A") should be read in conjunction with Telesat Corporation's unaudited interim condensed consolidated financial statements and the related notes for the three and nine month periods ended September 30, 2024.

As used in this MD&A, unless the context states or requires otherwise, references to "Telesat," "Company," "we," "our" and "us" refer to Telesat Corporation and its subsidiaries. Unless the context states or requires otherwise, reference herein to "the consolidated financial statements" or "the financial statements" or similar terms refer to Telesat Corporation's unaudited interim condensed consolidated financial statements included herein.

All figures reported in this MD&A are in Canadian dollars, except where we indicate otherwise, and are referenced as "\$" and "dollars".

This MD&A contains a translation of some Canadian dollar amounts into United States dollars at specified exchange rates solely for your convenience. All references to "US\$" and "U.S. dollar" refer to United States dollars.

The financial statements presented herein have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting.

Certain totals, subtotals and percentages may not reconcile due to rounding.

The information contained in this MD&A takes into account information available up to November 13, 2024, unless otherwise noted.

This MD&A makes reference to certain non-IFRS measures, namely, Adjusted EBITDA, Adjusted EBITDA margin and Consolidated EBITDA. These measures are not recognized measures under International Financial Reporting Standards ("IFRS") and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Rather, these non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. For a reconciliation of the non-IFRS measure to the most closely comparable IFRS measure, see below under the heading "Non-IFRS Measures".

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. When used in this MD&A, the words "believes," "expects," "plans," "may," "will," "would," "could," "should," "anticipates," "estimates," "project," "intend" or "outlook" or other variations of these words or other similar expressions are intended to identify forward-looking statements and information. In addition, Telesat or its representatives have made or may make forward-looking statements, orally or in writing, which may be included in, but are not limited to, various filings made from time to time with the U.S. Securities and Exchange Commission ("SEC") and Canadian securities regulatory authorities, and press releases or oral statements made with the approval of an authorized executive officer of Telesat. Statements containing forward-looking information are not historical facts nor assurances of future performance but instead represent management's expectations, estimates and projections regarding future events or circumstances.

These forward-looking statements and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties. The results are not limited to the risks listed below and, in the section, entitled "Risk Factors" included in Telesat Corporation's Annual Report on Form 20-F for the year ended December 31, 2023 (the "Annual Report"), which was filed with the SEC and the Canadian securities regulatory authorities on March 28, 2024, our report on Form 6-K filed on March 28, 2024 and our report on Form 6-K filed on May 10, 2024. The Annual Report and Form 6-Ks can be obtained on the

SEC's website at <https://www.sec.gov> and the System for Electronic Document Analysis and Retrieval ("SEDAR+") at <https://www.sedarplus.ca>. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change, except where we are expressly required to do so by law.

Factors that could cause actual results to differ from those projected include, but are not limited to (1) risks associated with financial factors, including swings in the global financial markets, fluctuations in interest rates, fluctuations in foreign exchange rates, and access to capital; (2) risks associated with satellite services, including dependence on large customers, launch delays and failures, in-orbit failures and competition; (3) risks and uncertainties associated with Telesat Lightspeed, including overcoming technological challenges, access to spectrum and markets, governmental restrictions or regulations, the impact of inflation on development costs and financing, access to sufficient capital to build and deploy the system and competition from other low earth orbit systems; (4) regulatory risks, such as the effect of industry and government regulations that affect Telesat; and (5) other risks. The foregoing list of important factors is not exclusive. Furthermore, Telesat operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond Telesat's control.

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this MD&A. These forward-looking statements are based on our current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management's beliefs and assumptions, and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this MD&A may turn out to be inaccurate.

Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data. These forward-looking statements speak only as at the date of this MD&A. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC and the Canadian securities regulatory authorities, after the date of this MD&A.

This MD&A contains estimates, projections, market research and other information concerning our industry, our business, and the markets for our services. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information.

Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry and general publications, government data and similar sources.

In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section of our Annual Report entitled "Risk Factors" and our reports on Form 6-K filed on March 28, 2024 and May 10, 2024. These and other factors could cause our future performance to differ materially from our assumptions and estimates.

Any references to forward-looking statements in this MD&A include forward-looking information within the meaning of applicable Canadian securities laws.

Additional information regarding the Company can be obtained on the SEC's website at <https://www.sec.gov> and on SEDAR+ at <https://www.sedarplus.ca>.

OPERATING HIGHLIGHTS

Funding Agreements for Telesat Lightspeed Satellite Constellation

In September 2024, Telesat LEO Inc. (a wholly-owned unrestricted subsidiary of the Company) ("Telesat LEO") completed the funding agreements with the Government of Canada and Government of Quebec for \$2.14 billion and \$400 million, respectively, thus securing the funds required to provide global service on the Telesat Lightspeed LEO broadband satellite constellation.

Repurchase of Notes

During the nine months ended September 30, 2024, we repurchased Senior Secured Notes, 2026 Senior Secured Notes, Senior Unsecured Notes and a portion of our U.S. TLB Facility with an aggregate principal amount of US\$249.5 million in exchange for US\$108.1 million, resulting in a gain on repurchase of debt of US\$141.4 million (\$193.7 million).

In October 2024, we repurchased a portion of our U.S. TLB Facility with a principal amount of US\$12.5 million in exchange for US\$5.9 million.

OVERVIEW OF THE BUSINESS

We are a leading global satellite services operator, providing our customers with mission-critical communications services since the start of the satellite communications industry in the 1960s. Through a combination of advanced satellites and ground facilities and a highly expert and dedicated staff, our communications solutions support the requirements of sophisticated satellite users throughout the world. We are organized into two operating segments: GEO and LEO. We provide our services through three business categories: Broadcast, Enterprise and Consulting and other.

The satellite services business is capital intensive, and the build-out of a satellite fleet requires substantial time and investment. Once the investment in a satellite is made, the incremental costs to maintain and operate the satellite are relatively low over the life of the satellite, with the exception of in-orbit insurance.

As at September 30, 2024, we provided satellite services to customers from our fleet of 15 in-orbit geostationary satellites, as well as our Canadian payload on the ViaSat-1 satellite. We also manage the operations of additional satellites for third parties.

We are building what we believe will be one of the world's most advanced constellations of low earth orbit satellites and integrated terrestrial infrastructure, called "Telesat Lightspeed" — a platform designed to revolutionize the provision of global broadband connectivity. In January 2018, our first LEO satellite, LEO 1, was successfully launched into orbit. The LEO 1 satellite demonstrated certain key features of the Telesat Lightspeed system design, specifically the capability of the satellite and customer terminals to deliver a low latency broadband experience. In July 2023, we successfully launched our LEO 3 satellite into orbit and it has since replaced LEO 1. We also deployed ground infrastructure to support testing with a variety of existing and prospective customers and potential suppliers of the Telesat Lightspeed system hardware.

Telesat LEO has completed funding agreements with the Government of Canada and Government of Quebec for loans of \$2.14 billion and \$400 million, respectively for the Telesat Lightspeed Constellation. As a result, the Telesat Lightspeed network is fully funded for global services. The Government of Canada loan carries a floating interest rate of 4.75% above the Canadian Overnight Repo Rate Average with a 15-year maturity. The Government of Canada is also receiving warrants for 10% of the common shares of Telesat LEO based upon an equity valuation of US\$3 billion for Telesat LEO. The Government of Quebec loan has terms that largely mirror the Government of Canada loan and include warrants for 1.87% of the common shares of Telesat LEO.

Telesat and its affiliates operate satellites pursuant to authorizations granted by governments, including those of Canada, the United States, Brazil, the Kingdom of Tonga and the United Kingdom, to access and use certain geostationary orbital locations and associated spectrum resources. The use of these orbital locations, as well as our other operations, is subject to a variety of Canadian and international regulations.

Revenue

We earn most of our revenue by providing video and data services using satellite transponder capacity. We also earn revenue by providing ground-based transmit and receive services, selling equipment, managing satellite networks, and providing consulting services in the field of satellite communications.

We recognize revenue from satellite services on a monthly basis as services are performed in an amount that reflects the consideration we expect to receive in exchange for those services. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability is considered probable.

Consulting revenue for cost plus contracts is recognized as the approved time and labor is completed by Telesat. We recognize consulting revenue for fixed price contracts using the input method to determine the progress towards complete satisfaction of the performance obligation. Equipment sale revenue is recognized when the customer obtains control of the equipment, being at the time the equipment is delivered to and accepted by the customer.

Expenses

Our operating expenses consist of labor, the cost of which has historically been relatively stable, and variable operating expenses which include in-orbit insurance and direct-billed expenses, such as third-party contractor services. As we further our Lightspeed deployment, we anticipate that our labor costs will keep increasing.

Other significant operating expenses include the straight-line depreciation of the cost of each of our satellites over their useful lives and amortization expense related to various finite-life intangible assets.

Interest expense is significant and arises principally from our: Senior Secured Credit Facilities comprised of two outstanding secured credit facilities, which include a revolving facility maturing in 2024 and Term Loan B (“U.S. TLB Facility”) maturing in 2026 (together, the “Senior Secured Credit Facilities”); 6.5% senior unsecured notes due in 2027 issued by Telesat Canada and Telesat LLC, as the co-issuer (the “Senior Unsecured Notes”); 4.875% senior secured notes due in 2027 issued by Telesat Canada and Telesat LLC, as the co-issuer (the “Senior Secured Notes”); and 5.625% senior secured notes due in December 2026 issued by Telesat Canada and Telesat LLC, as the co-issuer (the “2026 Senior Secured Notes”).

FUTURE OUTLOOK

Our desirable spectrum rights, commitment to providing the highest level of customer service, deep technical expertise and culture of innovation have enabled us to successfully develop our business to date. Leveraging these strengths and building on our existing contractual revenue backlog, our focus is on profitably growing our business by increasing the utilization of our in-orbit satellites and, in a disciplined manner, deploying expansion satellite capacity where we anticipate there will be strong market demand.

After decades of developing and successfully operating our geosynchronous orbit-based satellite services business, we are now poised to revolutionize the provision of global broadband connectivity by building what we believe will be one of the world’s most advanced constellations of LEO satellites and integrated terrestrial infrastructure, Telesat Lightspeed.

We believe we are well-positioned to serve our customers and the markets in which we participate. Although we pursue opportunities to develop new satellites, we do not procure additional or replacement satellites until we believe there is a demonstrated need and a sound business plan for such satellite capacity.

As we move through 2024, we remain focused on increasing the utilization of our existing satellites, the deployment of our global Telesat Lightspeed constellation, and identifying and pursuing opportunities to invest in expansion satellite capacity all while maintaining our operating discipline.

RESULTS OF OPERATIONS

Review of financial performance

Telesat Corporation’s net income for the three months ended September 30, 2024, was \$67.8 million compared to a net loss of \$3.5 million for the same period in the prior year.

Telesat Corporation’s net income for the nine months ended September 30, 2024, was \$144.8 million compared to \$543.9 million for the same period in the prior year.

The increase for the three months ended September 30, 2024 were principally due to increase in foreign exchange gain in 2024, partly offset by lower gain on repurchase of debt. The decrease for the nine months ended September 30, 2024 was principally due to C-band clearing proceeds recognized in the nine months ended September 30, 2023, combined with a decrease in revenue in the nine months ended September 30, 2024, as described below.

Below are the foreign exchange rates used for our interim condensed consolidated financial statements and this MD&A:

	Q1 2024	Q2 2024	Q3 2024	Q3 YTD 2024	December 31, 2023	September 30, 2024
US\$ to \$ spot rate	—	—	—	—	1.3243	1.3525
US\$ to \$ average rates . .	1.3483	1.3682	1.3640	1.3602	—	—
	Q1 2023	Q2 2023	Q3 2023	Q3 YTD 2023	December 31, 2022	September 30, 2023
US\$ to \$ spot rate	—	—	—	—	1.3554	1.3577
US\$ to \$ average rates . .	1.3519	1.3429	1.3413	1.3454	—	—

Revenue

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
(\$ millions except percentages)	2024	2023		2024	2023	
Broadcast	\$ 71.9	\$ 85.1	(15.5)%	\$ 217.9	\$ 257.0	(15.2)%
Enterprise	63.1	83.7	(24.6)%	203.1	264.8	(23.3)%
Consulting and other	3.4	6.2	(46.0)%	22.0	16.4	34.3%
Revenue	\$ 138.4	\$ 175.1	(20.9)%	\$ 443.0	\$ 538.3	(17.7)%

Total revenue for the three months ended September 30, 2024 decreased by \$36.6 million to \$138.4 million compared to \$175.1 million for the same period in the prior year. Total revenue for the nine months ended September 30, 2024 decreased by \$95.2 million to \$443.0 million compared to \$538.3 million in the same period in the prior year.

Revenue from Broadcast services decreased by \$13.2 million and \$39.1 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The changes were attributable to a decrease in GEO revenue, mainly due to a reduction of services and lower rate on the renewal of a long-term agreement with a North American DTH customer.

Revenue from Enterprise services decreased by \$20.6 million and \$61.7 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The change for the three months ended September 30, 2024 was attributable to a decrease in GEO revenue, primarily due to non-renewals and reductions on renewals of services by mobility and Latin American customers. The change for the nine months ended September 30, 2024 was attributable to a decrease in GEO revenue, primarily due to non-renewals and reductions on renewals of services by mobility and Latin America customers combined with lower equipment sales to Canadian Government customers.

Consulting and other revenue decreased by \$2.9 million and increased by \$5.6 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The changes were attributable primarily to a decrease and an increase, respectively, for the three and nine months ended September 30, 2024, in LEO revenue related to services provided to NASA Goddard Space Flight Center.

Expenses

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
(\$ millions except percentages)	2024	2023		2024	2023	
Depreciation	\$ 32.2	\$ 47.1	(31.5)%	\$ 100.3	\$ 140.1	(28.4)%
Amortization	2.8	3.2	(11.3)%	8.4	9.9	(15.0)%
Operating expenses	45.9	49.5	(7.3)%	149.3	154.7	(3.4)%
Other operating (gains) losses, net	(2.3)	—	(16,328.6)%	(2.3)	(344.9)	(99.3)%
Expenses	\$ 78.7	\$ 99.8	(21.1)%	\$ 255.8	\$ (40.3)	(735.4)%

Depreciation

Depreciation of satellites, property and other equipment decreased by \$14.8 million and \$39.8 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decreases in depreciation were primarily due to the end of useful lives, for accounting purposes, of our Nimiq 4 satellite in September 2023, our Telstar 14R satellite at the beginning of 2024 and our Telstar 11N satellite at the end of the first quarter in 2024.

Amortization

Amortization of intangible assets decreased by \$0.4 million and \$1.5 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decrease for the three months ended September 30, 2024 was primarily due to the end of useful life, for accounting purposes, of certain revenue backlog. The decrease for the nine months ended September 30, 2024 was primarily related to the end of useful life, for accounting purposes, of certain revenue backlog and transponder rights.

Other Operating Gains (Losses), Net

Other operating (gains) losses, net for the three and nine months ended September 30, 2024 primarily related to the disposal of subsidiaries.

Other operating (gains) losses, net for the nine months ended September 30, 2023 primarily related to the recognition of Phase II accelerated clearing income for the repurposing of U.S. C-band spectrum.

Operating Expenses

Total operating expenses decreased by \$3.6 million and \$5.3 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year.

(\$ millions except percentages)	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	2024	2023		2024	2023	
Compensation and employee benefits	\$ 22.1	\$ 27.0	(18.3)%	\$ 75.8	\$ 88.8	(14.7)%
Other operating expenses	17.6	12.2	45.1%	45.6	36.1	26.1%
Cost of sales	6.2	10.4	(40.1)%	28.0	29.7	(5.8)%
Operating expenses	\$ 45.9	\$ 49.5	(7.3)%	\$ 149.3	\$ 154.7	(3.4)%

Compensation and employee benefits decreased by \$4.9 million and \$13.0 million for the three and nine months ended September 30, 2024, respectively, in comparison to the same periods in the prior year. The decreases for the three and nine months ended September 30, 2024 were primarily due to lower non-cash share-based compensation, combined with higher capitalized engineering relating to LEO. This was partially offset by higher wages and benefits in LEO associated with increases in hiring.

Other operating expenses increased by \$5.5 million and \$9.4 million for the three and nine months ended September 30, 2024, respectively, in comparison to the same periods in the prior year. The increases for the three and nine months ended September 30, 2024 were primarily due to higher professional fees in both GEO and LEO and an increase in bad debt expense in GEO primarily related to Xplore.

Cost of sales decreased by \$4.2 million and \$1.7 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decrease for the three months ended September 30, 2024 was primarily due to lower consulting costs associated with the LEO services provided to the NASA Goddard Space Flight Center combined with lower GEO equipment sales. The decrease for the nine months ended September 30, 2024 was primarily due to lower GEO equipment sales to Canadian Government and other customers, partially offset by higher consulting costs associated with the LEO services provided to the NASA Goddard Space Flight Center.

Interest Expense

(\$ millions except percentages)	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	2024	2023		2024	2023	
Debt service costs	\$ 55.5	\$ 63.4	(12.5)%	\$ 173.4	\$ 191.5	(9.5)%
Interest expense on significant financing component	3.4	3.9	(12.5)%	10.5	11.9	(11.9)%
Interest expense on satellite performance incentive payments	0.3	0.4	(22.1)%	0.9	1.1	(22.1)%
Interest expense on employee benefit plans	—	(0.2)	(80.5)%	(0.1)	(0.6)	(80.1)%
Interest expense on leases	0.4	0.4	1.1%	1.1	1.1	(1.7)%
Interest expense	\$ 59.4	\$ 67.7	(12.3)%	\$ 185.8	\$ 205.2	(9.4)%

Interest expense included interest related to our debt, significant financing components on certain revenue agreements, satellite performance incentive payments, employee benefit plans and leases.

Debt service costs, which included interest expense on indebtedness, decreased by \$7.9 million and \$18.1 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decreases in interest expense were primarily due to the impact of the repurchases of a portion of the U.S. TLB Facility, Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes. This was partially offset by an increase in interest rates on the U.S. TLB Facility.

Interest expense on significant financing component decreased by \$0.5 million and \$1.4 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decreases in interest expense were primarily due to lower average prepayment balances for revenue agreements with a significant financing component.

Interest on satellite performance incentive payments decreased by \$0.1 million and \$0.3 million for the nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year, primarily due to declining balances of satellite performance incentive liabilities.

Interest expense on employee benefit plans increased by \$0.2 million and \$0.5 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The increases were primarily due to a higher estimate of interest expense according to actuarial reports.

Interest expense on leases remained constant for the three and nine months ended September 30, 2024, when compared to the same periods in the prior year.

Interest and Other Income

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest and other income	\$ 15.7	\$ 16.2	\$ 57.0	\$ 48.8

Interest and other income decreased by \$0.5 million and increased by \$8.3 million for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in the prior year. The decrease for the three months ended September 30, 2024 was primarily due to lower average cash balances, partly offset by higher interest rates earned. The increase for the nine months ended September 30, 2024 was primarily due to higher interest rates earned on our outstanding cash and cash equivalent balances, partially offset by lower average cash balances.

Foreign Exchange

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gain (loss) on foreign exchange	\$ 35.7	\$ (76.9)	\$ (67.2)	\$ 0.2

The foreign exchange gain for the three months ended September 30, 2024, was \$35.7 million compared to a foreign exchange loss of \$76.9 million for the same period in the prior year, resulting in a negative change of \$112.6 million.

The gain for the three months ended September 30, 2024 was mainly the result of a weaker U.S. dollar to Canadian dollar spot rate as at September 30, 2024 (\$1.3525), compared to the spot rate as at June 30, 2024 (\$1.3679), and the resulting favorable impact on the translation of our U.S. dollar denominated indebtedness.

The loss for the three months ended September 30, 2023 was mainly the result of a stronger U.S. dollar to Canadian dollar spot rate as at September 30, 2023 (\$1.3577), compared to the spot rate as at June 30, 2023 (\$1.3242), and the resulting unfavorable impact on the translation of our U.S. dollar denominated indebtedness.

The foreign exchange loss for the nine months ended September 30, 2024, was \$67.2 million compared to a foreign exchange gain of \$0.2 million for the same period in the prior year, resulting in a negative change of \$67.4 million.

The loss for the nine months ended September 30, 2024 was mainly the result of a stronger U.S. dollar to Canadian dollar spot rate as at September 30, 2024 (\$1.3525), compared to the spot rate as at December 31, 2023 (\$1.3243), and the resulting unfavorable impact on the translation of our U.S. dollar denominated indebtedness.

The gain for the nine months ended September 30, 2023 was mainly the result of a stronger U.S. dollar to Canadian dollar spot rate as at September 30, 2023 (\$1.3577), compared to the spot rate as at December 31, 2022 (\$1.3554), and the resulting unfavorable impact on the translation of our U.S. dollar denominated indebtedness, partially offset by the impact of the foreign exchange on the debts that were repurchased.

Income Taxes

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Current tax expense	\$ 11.0	\$ 14.5	\$ 50.1	\$ 55.6
Deferred tax expense (recovery)	(5.8)	3.9	(9.9)	44.3
Tax expense	\$ 5.2	\$ 18.4	\$ 40.2	\$ 99.8

The tax expense (recovery) for the three and nine months ended September 30, 2024, was \$13.3 million and \$59.6 million lower than the same periods in the prior year. The decrease for the nine months ended September 30, 2024 was primarily due to a decrease in operating income. The decrease for the three months ended September 30, 2024 was primarily due to a decrease in operating income and a lower gain on the repurchase of debt compared to the same period in 2023.

Backlog

Remaining performance obligations, which we refer to as contracted revenue backlog (“backlog”), represents our expected future revenue from existing service contracts (without discounting for present value) including any deferred revenue that we will recognize in the future in respect of cash already received. The majority of our contracted revenue backlog is generated from contractual agreements for satellite capacity. We do not include revenue beyond the stated expiration date of a contract regardless of the potential for a renewal. As at September 30, 2024, our contracted backlog was approximately \$983.8 million, which does not include any backlog associated with the Telesat Lightspeed program.

Generally, following the successful launch of a geostationary satellite, if the satellite is operating nominally, our customers may only terminate their service agreements for satellite capacity by paying us all, or substantially all, of the payments that would have otherwise become due over the term of the service agreement. However, if certain of

our existing satellites were to experience an in-orbit failure, or otherwise fail to operate as required, our customers may be entitled to terminate their agreement and we may be obligated to return all or a portion of the customer prepayments made under service agreements for that satellite and reduce the associated contractual revenue from revenue backlog. Any repayments under such conditions would be funded by insurance proceeds we may receive, cash on hand, short-term investments, and funds available under our Revolving Credit Facility (as defined below).

We expect our backlog as at September 30, 2024 to be recognized as follows:

(\$ millions)	Remaining 2024	2025	2026	2027	2028	Thereafter
Backlog	\$ 103.0	\$ 269.9	\$ 190.5	\$ 133.5	\$ 68.6	\$ 218.3

LIQUIDITY AND CAPITAL RESOURCES

Cash and Available Credit

As at September 30, 2024, we had \$1,077.4 million of cash and short-term investments, including \$851.1 million held in unrestricted subsidiaries, as well as approximately US\$200.0 million borrowing availability under our Revolving Credit Facility.

Cash Flows from Operating Activities

Cash flows from operating activities for the nine months ended September 30, 2024 was \$64.2 million, a \$92.8 million decrease compared to the same period in the prior year. The decrease was primarily due to the decline in revenue.

Cash Flows (used in) generated from Investing Activities

Cash used in investing activities for the nine months ended September 30, 2024 was \$534.1 million. This consisted mainly of payments associated with the Telesat Lightspeed constellation, partially offset by government grant received.

Cash generated from investing activities for the nine months ended September 30, 2023 was \$264.6 million, arising from the proceeds received from the Phase II accelerated clearing payments for the repurposing of C-band spectrum. This cash inflow was partially offset by payments associated with the Telesat Lightspeed constellation and the newly acquired Anik F4 satellite.

Cash Flows (used in) generated from Financing Activities

Cash used in financing activities for the nine months ended September 30, 2024 was \$158.1 million. This consisted primarily of the repurchase of a portion of the Senior Unsecured Notes, Senior Secured Notes, 2026 Senior Secured Notes and U.S. TLB Facility.

Cash used in financing activities for the nine months ended September 30, 2023 was \$325.4 million. This was primarily due to the repurchase of a portion of the Senior Unsecured Notes, Senior Secured Notes, 2026 Senior Secured Notes and U.S. TLB Facility.

Government Grant

In 2019, we entered into an agreement with the Government of Canada pursuant to which the Government of Canada would contribute up to \$85.0 million to support the development of the Telesat Lightspeed constellation through the Government of Canada Strategic Innovation Fund. In return for the grant, Telesat has made a number of commitments to the Government of Canada, including commitments to conduct over \$200.0 million of research and development activities in Canada as well as to expand its Canadian workforce.

The costs that were incurred in connection with this program are summarized below:

(\$ millions)	Nine months ended September 30, 2024	Year ended December 31, 2023
Satellites, property and other equipment	\$ 659.8	\$ 106.9
Intangible assets	—	16.4
Operating expenses	54.9	48.3
Total costs incurred	\$ 714.7	\$ 171.6

Total research and development costs for Telesat Lightspeed for the nine months ended September 30, 2024 increased by \$596.2 million from \$118.5 million to \$714.7 million, when compared to the same period in the prior year. Of this balance, \$576.1 million of the increase related to an increase in capital expenditures and \$20.1 million related to an increase in operating expenses.

The variation was primarily driven by a ramp in our investment in the Telesat Lightspeed program.

The following claims against the government grant have been made against the costs incurred associated with the program:

(\$ millions)	Nine months ended September 30, 2024	Year ended December 31, 2023
Satellites, property and other equipment	\$ 3.8	\$ 15.0
Operating expenses	8.5	4.5
Total claims	\$ 12.3	\$ 19.5

Liquidity

A large portion of our annual cash receipts are reasonably predictable because they are primarily derived from an existing backlog of long-term customer contracts. We believe cash and short-term investments as at September 30, 2024, cash flows from operating activities, and drawings on the Revolving Credit Facility under our Senior Secured Credit Facilities will be adequate to meet our expected cash requirements for at least the next twelve months for activities in the normal course of business, including required interest and principal payments on our indebtedness and our capital requirements. Similarly, we believe our existing cash and drawings on senior secured non-revolving delayed draw term loan facilities from the Government of Canada and Government of Quebec will be adequate to cover the cost of the ongoing the construction of the Telesat Lightspeed constellation.

We have from time to time used available cash to repurchase some of our existing debt. We may from time to time continue to seek to repay, repurchase, exchange, refinance or otherwise retire our existing debt in open market transactions, privately negotiated transactions, tender offers, exchange offers, pursuant to the term of debt or otherwise. We may also incur additional debt to fund such transactions or exchange existing debt for newly issued debt obligations or equity or equity-like securities. Such transactions, if any, will depend on prevailing market conditions, trading prices of debt from time to time, our liquidity requirements and cash position, contractual restrictions and other factors. The amount involved in any such transactions, individually or in the aggregate, may be material. We cannot provide any assurance as to if or when we will consummate any such transactions or the terms of any such transactions.

The construction of any satellite replacement or expansion program, in particular the planned Telesat Lightspeed constellation, will require significant capital expenditures. Cash required for any future satellite programs may be funded from a range of sources including: cash and short-term investments, cash flows generated from operating activities, cash flows from customer prepayments or through borrowings on the Revolving Credit Facility under the Senior Secured Credit Facilities; borrowings under the senior secured term loan facilities from the Government of Canada and Government of Quebec; vendor financing; equity investments, including through the issuance of public equity; and additional secured or unsecured debt financing. We may raise additional funding for the Telesat Lightspeed constellation, potentially through the issuance of additional equity of, our unrestricted subsidiaries which will own, operate and commercialize the Telesat Lightspeed constellation.

In addition, we may sell certain satellite assets and, in accordance with the terms and conditions of the Senior Secured Credit Facilities, reinvest the proceeds in replacement satellites or pay down indebtedness under the Senior Secured Credit Facilities. However, our ability to access these sources of funding is not guaranteed, and therefore, we may not be able to fully fund additional replacement or new satellite programs.

We are developing our planned Telesat Lightspeed constellation in Unrestricted Subsidiaries (as defined in the credit agreement governing our Senior Secured Credit Facilities (the “Credit Agreement”) and indentures governing the Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes (together, the “Indentures”)), and we expect to complete the development of, fund, and operate our Telesat Lightspeed constellation through current or future Unrestricted Subsidiaries.

DEBT

Senior Secured Credit Facilities

The obligations under the Credit Agreement and the guarantees of those obligations are secured, subject to certain exceptions, by a first priority security interest in the assets of Telesat Canada and certain of our subsidiaries (“Guarantors”). The Credit Agreement contains covenants that restrict the ability of Telesat Canada and the Guarantors to take specified actions, including, among other things and subject to certain significant exceptions: creating liens, incurring indebtedness, making investments, engaging in mergers, selling property, paying dividends, entering into sale-leaseback transactions, creating subsidiaries, repaying subordinated debt or amending organizational documents. The Credit Agreement also requires Telesat Canada and the Guarantors to comply with a maximum first lien leverage ratio and contains customary events of default and affirmative covenants, including an excess cash sweep, that may require us to repay a portion of the outstanding principal under our Senior Secured Credit Facilities prior to the stated maturity.

Our Senior Secured Credit Facilities are comprised of the following facilities:

i — Revolving Credit Facility

Our Revolving Credit Facility (“Revolving Facility”) is a \$200.0 million loan facility available in U.S. dollars, maturing in December 2024. Loans under the Revolving Facility bore interest at a floating interest rate. For Alternative Base Rate (“ABR”) loans, an applicable margin ranging from 0.75% to 1.25% is applied to the ABR as these interest rates are defined in the Senior Secured Credit Facilities. For Eurodollar Loans, an applicable margin ranging from 1.75% to 2.25% is applied to the London Interbank Offered Rate (“LIBOR”). The rates on the Revolving Facility vary depending upon the results of the first lien leverage ratio. Our Revolving Facility currently has an unused commitment fee that ranges from 25 to 37.5 basis points per annum, depending upon the result of the total leverage ratio.

On May 9, 2023, Telesat Canada entered into a seventh amendment (the “Amendment”) to the Credit Agreement. The Amendment amended the Credit Agreement to replace LIBOR-based benchmark rates with Secured Overnight Financing Rate (“SOFR”)-based benchmark rates and to make certain other conforming changes. Following the Amendment, loans under the Revolving Facility will bear interest, at Telesat Canada’s option, at in the case of loans denominated in US dollars, (i) a floating rate based on the base rate, plus an applicable margin ranging from 0.75% to 1.25% or (ii) a floating rate based on SOFR, plus an applicable margin ranging from 1.75% to 2.25%.

As at September 30, 2024, other than approximately \$0.2 million in drawings related to letters of credit, there were no borrowings under this facility. We do not intend to extend the Revolving Facility.

ii — Term Loan B — U.S. Facility

Our Term Loan B — U.S. Facility is a US\$1,908.5 million facility maturing in December 2026. As at September 30, 2024, the outstanding balance was US\$1,333.0 million.

The borrowings under our U.S. TLB Facility bore interest at a floating rate of either: (i) LIBOR as periodically determined for interest rate periods selected by Telesat Canada in accordance with the terms of the Senior Secured Credit Facilities plus an applicable margin of 2.75%; or (ii) Alternative Base Rate as determined in accordance with the terms of the Senior Secured Credit Facilities plus an applicable margin of 1.75%.

On May 9, 2023, Telesat Canada entered into the Amendment to the Credit Agreement. The Amendment amends the Credit Agreement to replace LIBOR-based benchmark rates with SOFR-based benchmark rates and to make certain other conforming changes. Following the Amendment, loans under the Term Loan B Facility will bear interest, at Telesat Canada's option, at either (i) a floating rate based on the base rate, plus an applicable margin of 1.75% or (ii) a floating rate based on SOFR, plus an applicable margin of 2.75%. In addition, loans benchmarked against SOFR will be subject to a credit spread adjustment of 0.11448% for a one-month interest period, 0.26161% for a three-month interest period and 0.42826% for a six-month interest period.

During the nine months ended September 30, 2024, we repurchased a portion of our U.S. TLB Facility with a principal amount of \$121.1 million (US\$88.7 million) in exchange for \$61.1 million (US\$44.8 million). The repurchases resulted in a gain on repurchase of debt of \$60.0 million.

During the three months ended September 30, 2024, we repurchased a portion of Term Loan B — U.S. Facility in the three months ended September 30, 2024 with a principal amount of \$40.9 million (US\$30.0 million) in exchange for \$19.4 million (US\$14.3 million). The repurchases resulted in a gain on repurchase of \$21.5 million.

The mandatory principal repayments on our U.S. TLB Facility are one quarter of 1.00% of the value of the loan, which must be paid on the last day of each quarter. There are currently no mandatory quarterly principal repayments required.

Senior Secured Notes

Our Senior Secured Notes, in the amount of US\$400.0 million, bear interest at an annual rate of 4.875% and are due in September 2027.

As at September 30, 2024, the balance outstanding was US\$225.0 million. The indenture governing the Senior Secured Notes includes covenants or terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel our satellite insurance, effect mergers with another entity, and redeem our Senior Secured Notes, without penalty, before December 1, 2024, in each case subject to exceptions provided in the Senior Secured Notes indenture.

During the nine months ended September 30, 2024, we repurchased Senior Secured Notes with a principal amount of \$103.3 million (US\$75.0 million) in exchange for \$48.4 million (US\$35.1 million). The repurchases resulted in a gain on repurchase of debt of \$54.9 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options. There were no repurchases during the three months ended September 30, 2024.

2026 Senior Secured Notes

On April 27, 2021, we issued US\$500.0 million in aggregate principal amount of 2026 Senior Secured Notes which bear interest at an annual rate of 5.625% and are due in December 2026.

As at September 30, 2024, the balance outstanding was US\$387.0 million. The indenture governing the 2026 Senior Secured Notes includes covenants and terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel its satellite insurance, and effect mergers with another entity, in each case subject to exceptions provided in such indenture.

During the nine months ended September 30, 2024, we repurchased 2026 Senior Secured Notes with a principal amount of \$16.4 million (US\$12.0 million) in exchange for \$8.0 million (US\$5.9 million). The repurchases resulted in a gain on repurchase of debt of \$8.4 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options. There were no repurchases during the three months ended September 30, 2024.

Senior Unsecured Notes

Our Senior Unsecured Notes, in the original principal amount of US\$550.0 million, bear interest at an annual rate of 6.5% and are due in October 2027.

As at September 30, 2024, the balance outstanding was US\$221.3 million. The indenture governing the Senior Unsecured Notes includes covenants or terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel our satellite insurance, effect mergers with another entity, and redeem our Senior Unsecured Notes, without penalty, before October 15, 2024, in each case subject to exceptions provided in the Senior Unsecured Notes indenture.

During the nine months ended September 30, 2024, we repurchased Senior Unsecured Notes with a principal amount of \$100.4 million (US\$73.8 million) in exchange for \$30.4 million (US\$22.3 million). The repurchases resulted in a gain on repurchase of debt of \$70.0 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options. There were no repurchases during the three months ended September 30, 2024.

Telesat Lightspeed Financing- Senior Secured Term Loan Facilities

To fund our Lightspeed LEO constellation, on September 13, 2024, Telesat LEO Inc. (a wholly owned unrestricted subsidiary of Telesat) entered into loan agreements with 16342451 Canada Inc., a subsidiary of Canada Development Investment Corporation and Investissement Quebec (“the lenders”), for senior secured non-revolving delayed draw term loan facilities in the principal amount of \$2,140 million and \$400 million, respectively (“Telesat Lightspeed Financing”).

The loan carries a floating interest rate of 4.75% above the 3-month term Canadian Overnight Repo Rate Average (CORRA) on the outstanding drawn loan amount with a 15-year maturity. All interest accrued on the loan until six months after the initial project completion date (a date upon which a certain number of satellites under the LEO project have been launched, with a certain number of satellites made operational and certain other milestones under the agreement being met) shall be added to the principal amount.

Unless accelerated on the event of default as defined in the Telesat Lightspeed Financing, principal repayment of the loan is required on a semi-annual installment basis in 10 years commencing one year after initial project completion date subject to the mandatory repayment of full amount by 15th anniversary of the initial draw on the loan. The amount of each semi-annual installment will be calculated as a percentage of the total loan amount as prescribed in the loan agreement.

In addition to the regular repayment, we will also be required to make mandatory prepayment or repayment under certain circumstances including in cases when it has excess cash flow. The Telesat Lightspeed Financing also provide a full or partial prepayment option to Telesat LEO Inc.

Telesat Lightspeed Financing includes both financial and non-financial covenants that we must comply with.

As consideration for making available the loan facility, Telesat LEO Inc., before the initial draw on the loan, will enter into a warrant agreement with the lenders and irrevocably grant warrants equivalent to 11.87% of common shares in the capital of Telesat LEO Inc. on a fully diluted basis. The warrants are exercisable in whole or in part, at any time after the second anniversary of the date of issuance of the warrants and up to 10 years from the issuance date (subject to certain terms and conditions of the warrant agreement) based upon an equity valuation of US\$3 billion for Telesat LEO.

The Telesat Lightspeed Financing is secured by substantially all of the assets in our unrestricted subsidiaries. As at September 30, 2024, certain conditions precedent to drawdown of the loans under the Telesat LEO Financing remained outstanding and consequently, no draws could be made under the facility and no warrants were issued to the Lenders, as at that date.

Covenant Compliance

As at September 30, 2024, we were in compliance with the financial covenants of our Senior Secured Credit Facilities, the indenture governing our Senior Unsecured Notes, the indenture governing our Senior Secured Notes and the indenture governing our 2026 Senior Secured Notes.

Debt Service Cost

An estimate of the interest expense is based upon assumptions of foreign exchange rates, SOFR, BA rates and the applicable margins of our Senior Secured Credit Facilities. Our interest expense for the year ending December 31, 2024, is expected to be approximately \$225.5 million. The interest expense excludes the amortization of our deferred financing costs, prepayment options and loss on repayment. The balance does not include any interest expense tied to any draw downs associated with the Telesat Lightspeed Financing.

Derivatives

We use, from time to time, interest rate and currency derivatives to manage our exposure to changes in interest rates and foreign exchange rates. As at September 30, 2024, there were no interest rate or currency derivatives that were outstanding.

We also have embedded derivatives that are accounted for separately at fair value. These embedded derivatives are related to the prepayment option on our Senior Unsecured Notes, the prepayment option on our Senior Secured Notes and the prepayment option on our 2026 Senior Secured Notes. As at September 30, 2024, the fair value of the embedded derivative related to the prepayment option on our Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes was \$Nil.

The changes in the fair value of these embedded derivatives are recorded on our consolidated statements of income as a gain or loss on changes in fair value of financial instruments and are non-cash.

All derivative instruments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market under current market conditions at the measurement date. Where possible, fair values are based on the quoted market values in an active market. In the absence of an active market, we determine fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market-based inputs.

These estimates are affected significantly by the assumptions for the amount and timing of estimated future cash flows and discount rates, which all reflect varying degrees of risk. Potential income taxes and other expenses that would be incurred on disposition of our derivative instruments are not reflected in the fair values. The fair values also include an adjustment related to the counterparty credit risk. As a result, the fair values are not necessarily the net amounts that would be realized if these instruments were actually settled.

MARKET RISK

Credit Risk Related to Financial Instruments

Financial instruments that potentially subject us to a concentration of credit risk consist of cash and short-term investments, accounts receivable, derivative assets and other assets. Cash and short-term investments are invested with high quality financial institutions and are governed by our corporate investment policy, which aims to reduce credit risk by restricting investments to high-grade, mainly U.S. dollar and Canadian dollar denominated investments. Credit checks are performed to minimize exposure to any one customer. We are exposed to credit risk if counterparties to our derivative instruments are unable to meet their obligations. It is expected that these counterparties will be able to meet their obligations as they are institutions with strong credit ratings, but we continue to periodically monitor their credit risk and credit exposure.

Foreign Exchange Risk

Our operating results are subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in currencies other than Canadian dollars. The most significant impact of variations in the exchange rate is on our U.S. dollar denominated indebtedness and cash and short-term investments. In addition, a portion of our revenue and expenses, as well as the majority of our capital expenditures are denominated in U.S. dollars. As a result, the volatility of the U.S. currency exposes us to foreign exchange risks.

For the three-month period ended September 30, 2024, we recorded a mainly non-cash foreign exchange gain of approximately \$35.7 million due to a weaker U.S. to Canadian dollar spot rate (\$1.3525) compared to June 30, 2024 (\$1.3679).

For the three-month period ended September 30, 2023, we recorded a mainly non-cash foreign exchange loss of approximately \$76.9 million due to a stronger U.S. to Canadian dollar spot rate (\$1.3577) compared to June 30, 2023 (\$1.3242).

For the nine-month period ended September 30, 2024, we recorded a mainly non-cash foreign exchange loss of approximately \$67.2 million due to a stronger U.S. to Canadian dollar spot rate (\$1.3525) compared to December 31, 2023 (\$1.3243).

For the nine-month period ended September 30, 2023, we recorded a mainly non-cash foreign exchange gain of approximately \$0.2 million, mainly as a result of a stronger U.S. dollar to Canadian dollar spot rate as at September 30, 2023 (\$1.3577), compared to the spot rate as at December 31, 2022 (\$1.3554), and the resulting unfavorable impact on the translation of our U.S. dollar denominated indebtedness, partially offset by the impact of the foreign exchange on the debts that were repurchased.

The approximate amount of our revenue and certain expenses denominated in U.S. dollars, as a percentage of their overall balance, is summarized in the table below:

	Three months ended September 30, 2024	Nine months ended September 30, 2024
Revenue.	51.7%	52.9%
Operating expenses.	42.3%	44.7%
Interest on our indebtedness.	100.0%	100.0%

We use, from time to time, the following instruments to manage our exposure to foreign exchange risk:

- forward currency contracts to hedge foreign exchange risk on anticipated cash flows, mainly related to the construction of satellites and interest payments; and
- currency derivative instruments to hedge the foreign exchange risk on our U.S. dollar denominated indebtedness.

Our policy is that we do not use derivative instruments for speculative purposes. As at September 30, 2024, we have no forward currency contracts nor any currency derivative instruments.

A five percent increase (decrease) in the value of the U.S. dollar against the Canadian dollar would have increased (decreased) our indebtedness and (decreased) increased our net income (loss) as at September 30, 2024 by \$146.5 million.

A five percent increase (decrease) in the value of the U.S. dollar against the Canadian dollar would have increased (decreased) our cash and cash equivalents by \$49.7 million, increased (decreased) our net income (loss) by \$6.0 million and increased (decreased) our other comprehensive income (loss) by \$43.7 million as at September 30, 2024.

A five percent increase (decrease) in the value of the U.S. dollar against the Canadian dollar would have increased (decreased) our revenue and certain expenses for the three and nine months ended September 30, 2024, as summarized in the table below:

(\$ millions)	Three months ended September 30, 2024	Nine months ended September 30, 2024
Revenue.	\$ 3.6	\$ 11.7
Operating expenses.	\$ 1.0	\$ 3.3
Interest on our indebtedness.	\$ 2.8	\$ 8.7

The sensitivity analyses above assume that all other variables remain constant.

Through our U.S. dollar denominated indebtedness, we are exposed to foreign exchange fluctuations. The following table contains our existing U.S. dollar denominated indebtedness balances at the beginning of each respective period, which are net of our scheduled debt repayments, and based on the foreign exchange rate as at September 30, 2024.

(\$ millions, beginning of period)	Q3 2024	2025	2026	2027
U.S. TLB Facility	\$ 1,802.9	\$ 1,786.0	\$ 1,786.0	\$ —
Senior Unsecured Notes	299.2	299.2	299.2	299.2
Senior Secured Notes	304.3	304.3	304.3	304.3
2026 Senior Secured Notes	523.5	523.5	523.5	—
U.S. dollar denominated debt balances . .	\$ 2,930.0	\$ 2,913.0	\$ 2,913.0	\$ 603.5

Interest Rate Risk

We are exposed to interest rate risk on our cash and short-term investments and on our indebtedness, a portion of the indebtedness which includes a variable interest rate. Changes in the interest rates could impact the amount of interest that we receive or are required to pay.

We use, from time to time, interest rate swaps to hedge the interest rate risk related to our indebtedness.

Our policy is that we do not use derivative instruments for speculative purposes.

If the interest rates on our variable rate debt changed by 0.25%, the result would be an increase or decrease of \$1.2 million and \$3.5 million to our net income (loss) for the three and nine months ended September 30, 2024, respectively.

As at September 30, 2024, through our U.S. TLB Facility we are exposed to interest rate fluctuations. The following table contains the balance of the U.S. TLB facility at the beginning of each respective period, net of our scheduled repayments, and based on the foreign exchange rate as at September 30, 2024.

(\$ millions)	Q3 2024	2025	2026
U.S. TLB Facility	\$ 1,802.9	\$ 1,786.0	\$ 1,786.0

NON-IFRS MEASURES

Adjusted EBITDA

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 our financial performance. Adjusted EBITDA is defined as operating income (excluding 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 our 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 us to compare our 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 us to compare operating results exclusive of these items. Competitors in the satellite services industry have significantly different capital structures. We believe that the use of Adjusted EBITDA improves comparability of performance by excluding interest expense.

We believe 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.

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

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 67.8	\$ (3.5)	\$ 144.8	\$ 543.9
Tax expense (recovery)	5.2	18.4	40.2	99.8
(Gain) loss on foreign exchange	(35.7)	76.9	67.2	(0.2)
Interest and other income	(15.7)	(16.2)	(57.0)	(48.8)
Interest expense	59.4	67.7	185.8	205.2
Gain on repurchase of debt	(21.4)	(68.1)	(193.7)	(221.5)
Depreciation	32.2	47.1	100.3	140.1
Amortization	2.8	3.2	8.4	9.9
Other operating (gains) losses, net	(2.3)	—	(2.3)	(344.9)
Non-recurring compensation expenses ⁽¹⁾ . .	0.7	0.2	2.1	0.7
Non-cash expense related to share-based compensation	3.1	7.1	14.5	26.1
Adjusted EBITDA	<u>\$ 96.2</u>	<u>\$ 132.8</u>	<u>\$ 310.3</u>	<u>\$ 410.4</u>
Revenue	\$ 138.4	\$ 175.1	\$ 443.0	\$ 538.3
Adjusted EBITDA Margin	69.5%	75.9%	70.0%	76.2%

(1) Includes severance payments, special compensation and benefits for executives and employees.

Adjusted EBITDA for Telesat Corporation for the three and nine-month periods ended September 30, 2024, decreased by \$36.6 million and \$100.1 million, respectively, when compared to the same periods in the prior year. The decreases were primarily due to lower revenue, as discussed above.

Consolidated EBITDA for Covenant Purposes

Under the terms of the Credit Agreement for our Senior Secured Credit Facilities, we are required to comply with a senior secured leverage ratio maintenance covenant as well as with other financial ratio covenants that impact, among other items, our ability to incur debt and make dividend payments.

If our Revolving Credit Facility is drawn by more than 35% of the Credit Facility amount, our Credit Agreement requires us to comply with a first lien net leverage ratio of 5.75:1.00, tested quarterly, and failure to comply will result in an event of default. We refer to this first lien net leverage ratio as the Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes ratio.

Our Credit Agreement limits, among other items, our ability to incur debt and make dividend payments if the total leverage ratio is above 4.50:1.00, with certain exceptions. We refer to this total leverage ratio as the Consolidated Total Debt for Covenant Purposes to Consolidated EBITDA for the purposes of our Senior Secured Credit Facilities.

Our Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization for Covenant Purposes is defined as net income (loss) for Telesat and Restricted Subsidiaries plus interest expense, net of cash interest income earned on cash and cash equivalents, depreciation expense, amortization expense, extraordinary losses and unusual and non-recurring charges, non-cash charges, any expenses or charges incurred in connection with any issuance of debt, any impairment charges or asset write off, foreign withholding taxes paid or accrued, non-cash charges related to share-based compensation expense and consulting fees payable to Loral. Additional sums which may be added include projected cost savings from an acquisition and lost revenue which may have been earned by satellites that have been subject to an insured loss. Deductions which are made in calculating Consolidated EBITDA for Covenant Purposes include extraordinary, non-recurring gains and losses and non-cash gains and losses.

Further adjustments are made to account for income from Unrestricted Subsidiaries, and currency gains and losses (including non-cash gains or losses on derivative contracts). Unrestricted Subsidiaries are (a) any Subsidiary of Telesat that is formed or acquired after the closing date of the Credit Agreement, provided that such Subsidiary is designated as an Unrestricted Subsidiary, and (b) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary.

Consolidated EBITDA for Covenant Purposes is not a presentation made in accordance with IFRS, is not a measure of financial condition or profitability, and should not be considered as an alternative to (1) net income (loss) determined in accordance with IFRS or (2) cash flows from operating activities determined in accordance with IFRS. Additionally, Consolidated EBITDA for Covenant Purposes is not intended to be a measure of free cash flow for management's discretionary use as it does not include certain cash requirements for such items as interest payments, tax payments and debt service requirements. We believe that the inclusion of Consolidated EBITDA for Covenant Purposes herein is appropriate to provide additional information concerning the calculation of the financial ratio maintenance covenant and other covenants on our Senior Secured Credit Facilities. Consolidated EBITDA for Covenant Purposes is a material component of these covenants. Non-compliance with the financial ratio maintenance covenant contained in our Senior Secured Credit Facilities could result in the requirement to immediately repay all amounts outstanding. This presentation of Consolidated EBITDA for Covenant Purposes is not comparable to other similarly titled measures of other companies because not all companies use identical calculations of EBITDA. We believe the disclosure of the calculation of Consolidated EBITDA for Covenant Purposes provides information that is useful to an investor's understanding of our liquidity and financial flexibility.

The following is a reconciliation of net income, which is an IFRS measure of our operating results, to Consolidated EBITDA for Covenant Purposes, as defined in the Credit Agreement and the calculation of the ratio of Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes as defined in the Credit Agreement. The terms and related calculations are defined in the Credit Agreement, a copy of which is publicly available at <https://www.sec.gov>.

(in \$ millions)	Twelve months ended September 30, 2024
Net income (loss)	\$ 184.1
Impact of unrestricted subsidiaries	(11.3)
Consolidated income for Covenant Purposes	172.8
<i>Plus:</i>	
Income taxes (Note 1)	26.4
Interest expense (Note 1)	223.2
Depreciation and amortization expense (Note 1)	152.1
Non-cash share-based compensation and pension expense (Note 1)	23.9
Other	16.7
<i>Increased (decreased) by:</i>	
Impairment	79.7
Gain on repurchase of debt	(202.3)
Non-cash (gains) losses resulting from changes in foreign exchange rates (Note 1)	(8.3)
Consolidated EBITDA for Covenant Purposes	\$ 484.1

Note 1: Adjustments for covenant purposes exclude certain specific expenses as defined in the Credit Agreement. As a result, these items in the covenant calculation do not reconcile to the financial statement line items.

Consolidated Total Secured Debt and Consolidated Debt for Covenant Purposes

Consolidated Total Debt for Covenant Purposes and Consolidated Total Secured Debt for Covenant Purposes are non-IFRS measures. We believe that the inclusion of Consolidated Total Debt for Covenant Purposes and Consolidated Total Secured Debt for Covenant Purposes herein are appropriate to provide additional information concerning the calculation of the financial ratio maintenance and other covenants under our Senior Secured Credit Facilities and provides information that is useful to an investor's understanding of our compliance with these financial covenants.

The following is a reconciliation of our Consolidated Total Debt for Covenant Purposes and Consolidated Total Secured Debt for Covenant Purposes to Indebtedness:

(in \$ millions)	As at September 30, 2024
U.S. dollar denominated debt	
Term Loan B U.S. Facility (US\$)	\$ 1,333.0
Senior Unsecured Notes (US\$)	221.3
Senior Secured Notes (US\$)	225.0
2026 Senior Secured Notes (US\$)	387.0
	2,166.3
Foreign exchange adjustment	763.6
Subtotal	2,930.0
Deferred financing costs and prepayment options	(1.8)
Indebtedness	\$ 2,928.2
 (in \$ millions)	
Indebtedness	\$ 2,928.2
Adjustments for covenant purposes:	
Deferred financing costs and prepayment options	1.8
Add: lease liabilities	31.8
Consolidated Total Debt	2,961.7
Less: Cash and cash equivalents (max. US\$100 million)	(135.3)
Consolidated Total Debt for Covenant Purposes	\$ 2,826.5
Consolidated Total Debt	\$ 2,961.7
Less: Unsecured debt (Senior Unsecured Notes)	(299.2)
Consolidated Total Secured Debt	2,662.5
Less: Cash and cash equivalents (max. US\$100 million)	(135.3)
Consolidated Total Secured Debt for Covenant Purposes	\$ 2,527.2

As at September 30, 2024, the Consolidated Total Debt for Covenant Purposes to Consolidated EBITDA ratio, for the purposes of our Senior Secured Credit Facilities was 5.84:1.00. The Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes ratio, for the purposes of our Senior Secured Credit Facilities, was 5.22:1.00.

The consolidated EBITDA for covenant purposes for the Senior Secured Credit Facilities for the twelve months ended September 30, 2023 was \$588.6 million. Detailed information of the calculation is included in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Telesat Corporation Quarterly Report for the three and nine month periods ended September 30, 2023 on Form 6-K furnished with the SEC on November 6, 2023, which can be obtained on the SEC website at <https://www.sec.gov>.

As at the date hereof, we are in compliance with our debt covenants.

Unaudited Interim Condensed Consolidating Financial Information

The unaudited interim condensed consolidating financial information reflects the investments, using the equity method of accounting, of Telesat in the Issuers, of the Issuers in their respective Guarantor and Non-Guarantor subsidiaries, and of the Guarantors in their Non-Guarantor subsidiaries.

Balances of Telesat Partnership are inclusive of balances associated with Telesat Partnership LP, Telesat CanHold Corporation, Telesat Can ULC, Loral Space & Communications Inc. and Loral Skynet Corporation.

The unaudited interim condensed consolidating financial information for the three months and nine months ended September 30, 2023 incorporated the changes from the amendments to *IAS 12, Income Taxes*.

Unaudited Interim Condensed Consolidating Statements of Income (Loss) For the three months ended September 30, 2024

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Revenue	\$ —	\$ —	\$ —	\$ 111,033	\$ 72,319	\$ 1,894	\$ (46,805)	\$ 138,441
Operating expenses	(1,340)	(302)	—	(64,813)	(12,439)	(13,846)	46,805	(45,935)
Depreciation	—	—	—	(3,405)	(27,397)	(449)	(982)	(32,233)
Amortization	—	—	—	(1,335)	(625)	(82)	(765)	(2,807)
Other operating gains (losses), net	—	—	—	(4,661)	(318)	—	7,251	2,272
Operating income (loss)	(1,340)	(302)	—	36,819	31,540	(12,483)	5,504	59,738
Income (loss) from equity investments	63,557	65,108	—	32,287	465	—	(161,417)	—
Interest expense	(25)	(111)	—	(56,755)	(3,154)	(13)	615	(59,443)
Gain on repurchase of debt	—	—	—	21,368	—	—	—	21,368
Interest and other income (expense)	19	42	—	982	1,333	13,858	(566)	15,668
Gain (loss) on foreign exchange	(12)	(13)	—	32,987	(100)	2,723	90	35,675
Income (loss) before income taxes	62,199	64,724	—	67,688	30,084	4,085	(155,774)	73,006
Tax (expense) recovery	—	(1,167)	—	(2,580)	(1,038)	(379)	—	(5,164)
Net income (loss)	<u>\$ 62,199</u>	<u>\$ 63,557</u>	<u>\$ —</u>	<u>\$ 65,108</u>	<u>\$ 29,046</u>	<u>\$ 3,706</u>	<u>\$ (155,774)</u>	<u>\$ 67,842</u>

Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss) For the three months ended September 30, 2024

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	<u>\$ 62,199</u>	<u>\$ 63,557</u>	<u>\$ —</u>	<u>\$ 65,108</u>	<u>\$ 29,046</u>	<u>\$ 3,706</u>	<u>\$ (155,774)</u>	<u>\$ 67,842</u>
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	95	(54)	—	(1,206)	(1,765)	(25,391)	(23,005)	(51,326)
Other comprehensive income (loss) from equity investments	(28,416)	(28,362)	—	(27,156)	6,707	—	77,227	—
Other comprehensive income (loss)	(28,321)	(28,416)	—	(28,362)	4,942	(25,391)	54,222	(51,326)
Total comprehensive income (loss)	<u>\$ 33,878</u>	<u>\$ 35,141</u>	<u>\$ —</u>	<u>\$ 36,746</u>	<u>\$ 33,988</u>	<u>\$ (21,685)</u>	<u>\$ (101,552)</u>	<u>\$ 16,516</u>

Unaudited Interim Condensed Consolidating Statements of Income (Loss)
For the nine months ended September 30, 2024

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Revenue	\$ —	\$ —	\$ —	\$ 343,437	\$ 229,511	\$ 15,896	\$ (145,795)	\$ 443,049
Operating expenses	(1,867)	(903)	—	(204,102)	(41,011)	(47,242)	145,795	(149,330)
Depreciation	—	—	—	(9,624)	(81,680)	(1,740)	(7,228)	(100,272)
Amortization	—	—	—	(1,456)	(1,931)	(245)	(4,806)	(8,438)
Other operating gains (losses), net	—	—	—	(4,679)	(318)	—	7,251	2,254
Operating income (loss)	(1,867)	(903)	—	123,576	104,571	(33,331)	(4,783)	187,263
Income (loss) from equity investments	225,377	228,981	—	105,349	1,350	—	(561,057)	—
Interest expense	(79)	(322)	—	(177,821)	(9,669)	(15)	2,091	(185,815)
Gain on repurchase of debt	—	—	—	193,690	—	—	—	193,690
Interest and other income (expense)	37	129	—	80,865	5,464	46,628	(76,090)	57,033
Gain (loss) on foreign exchange	(12)	26	—	(67,059)	(287)	27	90	(67,215)
Income (loss) before income taxes	223,456	227,911	—	258,600	101,429	13,309	(639,749)	184,956
Tax (expense) recovery	—	(2,534)	—	(29,619)	(4,100)	(3,939)	—	(40,192)
Net income (loss)	<u>\$ 223,456</u>	<u>\$ 225,377</u>	<u>\$ —</u>	<u>\$ 228,981</u>	<u>\$ 97,329</u>	<u>\$ 9,370</u>	<u>\$ (639,749)</u>	<u>\$ 144,764</u>

Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss)
For the nine months ended September 30, 2024

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	<u>\$ 223,456</u>	<u>\$ 225,377</u>	<u>\$ —</u>	<u>\$ 228,981</u>	<u>\$ 97,329</u>	<u>\$ 9,370</u>	<u>\$ (639,749)</u>	<u>\$ 144,764</u>
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	(135)	161	—	4,053	3,888	60,456	21,332	89,755
Other comprehensive income (loss) from equity investments	68,558	68,397	—	64,344	(31,995)	—	(169,304)	—
Other comprehensive income (loss)	68,423	68,558	—	68,397	(28,107)	60,456	(147,972)	89,755
Total comprehensive income (loss)	<u>\$ 291,879</u>	<u>\$ 293,935</u>	<u>\$ —</u>	<u>\$ 297,378</u>	<u>\$ 69,222</u>	<u>\$ 69,826</u>	<u>\$ (787,721)</u>	<u>\$ 234,519</u>

Unaudited Interim Condensed Consolidating Statements of Income (Loss)
For three months ended September 30, 2023

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Revenue	\$ —	\$ —	\$ —	\$ 137,206	\$ 85,362	\$ 4,151	\$ (51,633)	\$ 175,086
Operating expenses	(140)	(371)	—	(73,838)	(11,817)	(15,012)	51,633	(49,545)
Depreciation	—	—	—	(9,116)	(36,618)	(342)	(982)	(47,058)
Amortization	—	—	—	(61)	(678)	(81)	(2,344)	(3,164)
Other operating gains (losses) net	—	—	—	(32)	—	—	18	(14)
Operating income (loss)	(140)	(371)	—	54,159	36,249	(11,284)	(3,308)	75,305
Income (loss) from equity investments	76,521	81,737	—	30,342	1,057	—	(189,657)	—
Interest expense	(45)	(147)	—	(66,485)	(3,360)	(2)	2,291	(67,748)
Gain on repurchase of debt	—	—	—	68,072	—	—	—	68,072
Interest and other income (expense)	—	40	—	82,517	753	11,700	(78,829)	16,181
Gain (loss) on foreign exchange	1	2	—	(76,280)	263	(872)	—	(76,886)
Income (loss) before income taxes	76,337	81,261	—	92,325	34,962	(458)	(269,503)	14,924
Tax (expense) recovery	—	(4,740)	—	(10,588)	(2,544)	(561)	—	(18,433)
Net income (loss)	<u>\$ 76,337</u>	<u>\$ 76,521</u>	<u>\$ —</u>	<u>\$ 81,737</u>	<u>\$ 32,418</u>	<u>\$ (1,019)</u>	<u>\$ (269,503)</u>	<u>\$ (3,509)</u>

Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended September 30, 2023

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	<u>\$ 76,337</u>	<u>\$ 76,521</u>	<u>\$ —</u>	<u>\$ 81,737</u>	<u>\$ 32,418</u>	<u>\$ (1,019)</u>	<u>\$ (269,503)</u>	<u>\$ (3,509)</u>
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments . .	(171)	(30)	—	4,314	5,380	49,736	(1,214)	58,015
Other comprehensive income (loss) from equity investments	59,400	59,430	—	55,116	14,524	—	(188,470)	—
Other comprehensive income (loss)	59,229	59,400	—	59,430	19,904	49,736	(189,684)	58,015
Total comprehensive income (loss)	<u>\$ 135,566</u>	<u>\$ 135,921</u>	<u>\$ —</u>	<u>\$ 141,167</u>	<u>\$ 52,322</u>	<u>\$ 48,717</u>	<u>\$ (459,187)</u>	<u>\$ 54,506</u>

Unaudited Interim Condensed Consolidating Statements of Income (Loss)
For nine months ended September 30, 2023

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Revenue	\$ —	\$ —	\$ —	\$ 432,473	\$ 270,111	\$ 10,724	\$ (175,048)	\$ 538,260
Operating expenses	(216)	(939)	—	(247,281)	(42,935)	(38,328)	175,048	(154,651)
Depreciation	—	—	—	(27,249)	(113,748)	(1,041)	1,971	(140,067)
Amortization	—	—	—	(721)	(1,988)	(242)	(6,976)	(9,927)
Other operating gains (losses), net	—	—	—	(43)	4	(1,828)	346,766	344,899
Operating income (loss)	(216)	(939)	—	157,179	111,444	(30,715)	341,761	578,514
Income (loss) from equity investments	328,655	330,909	—	96,243	250	—	(756,057)	—
Interest expense	(45)	144	—	(197,263)	(10,288)	(10)	2,291	(205,171)
Gain on repurchase of debt	—	—	—	221,462	—	—	—	221,462
Interest and other income (expense)	1	698	—	96,257	1,656	32,112	(81,960)	48,764
Gain (loss) on foreign exchange	(615)	5	—	310	547	(66)	—	181
Income (loss) before tax	327,780	330,817	—	374,188	103,609	1,321	(493,965)	643,750
Tax (expense) recovery	—	(2,162)	—	(43,279)	(6,061)	(2,376)	(45,942)	(99,820)
Net income (loss)	<u>\$ 327,780</u>	<u>\$ 328,655</u>	<u>\$ —</u>	<u>\$ 330,909</u>	<u>\$ 97,548</u>	<u>\$ (1,055)</u>	<u>\$ (539,907)</u>	<u>\$ 543,930</u>

Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss)
For the nine months ended September 30, 2023

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	<u>\$ 327,780</u>	<u>\$ 328,655</u>	<u>\$ —</u>	<u>\$ 330,909</u>	<u>\$ 97,548</u>	<u>\$ (1,055)</u>	<u>\$ (539,907)</u>	<u>\$ 543,930</u>
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	616	68	—	(307)	(3,941)	31,423	(19,735)	8,124
Other comprehensive income (loss) from equity investments	27,243	27,175	—	27,482	28,471	—	(110,371)	—
Other comprehensive income (loss) . .	<u>27,859</u>	<u>27,243</u>	<u>—</u>	<u>27,175</u>	<u>24,530</u>	<u>31,423</u>	<u>(130,106)</u>	<u>8,124</u>
Total comprehensive income (loss) . .	<u>\$ 355,639</u>	<u>\$ 355,898</u>	<u>\$ —</u>	<u>\$ 358,084</u>	<u>\$ 122,078</u>	<u>\$ 30,368</u>	<u>\$ (670,013)</u>	<u>\$ 552,054</u>

Unaudited Interim Condensed Consolidating Balance Sheets
As at September 30, 2024

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Assets								
Cash and cash equivalent	\$ 1,564	\$ 4,378	\$ —	\$ 106,983	\$ 118,049	\$ 846,425	\$ —	\$ 1,077,399
Trade and other receivables	119	—	—	28,593	15,702	16,741	—	61,155
Other current financial assets	—	143	—	—	2,099	6	(2,029)	219
Intercompany receivables	4,955	—	—	235,605	76,887	290	(317,737)	—
Current income tax recoverable	—	1,709	—	6,041	720	565	—	9,035
Prepaid expenses and other current assets	3,362	—	—	6,003	6,965	105,069	(4,562)	116,837
Total current assets	10,000	6,230	—	383,225	220,422	969,096	(324,328)	1,264,645
Satellites, property and other equipment	—	—	—	85,297	514,551	1,203,641	35,152	1,838,641
Deferred tax assets	—	—	—	—	11,627	—	(9,112)	2,515
Other long-term financial assets	—	8,499	—	1,453	4,456	314	(8,500)	6,222
Long-term income tax recoverable	—	—	—	7,497	—	—	—	7,497
Other long-term assets	—	—	—	39,171	—	—	—	39,171
Intangible assets	—	—	—	340	554,575	177,583	(46,825)	685,673
Investment in affiliates	622,155	706,423	—	3,052,208	140,324	—	(4,521,110)	—
Goodwill	—	—	—	549,162	—	—	1,938,635	2,487,797
Total assets	\$ 632,155	\$ 721,152	\$ —	\$ 4,118,353	\$ 1,445,955	\$ 2,350,634	\$ (2,936,088)	\$ 6,332,161
Liabilities								
Trade and other payables	\$ 1,205	\$ 69	\$ —	\$ 20,083	\$ 6,666	\$ 129,444	\$ —	\$ 157,467
Other current financial liabilities	143	—	—	41,285	3,376	—	(2,029)	42,775
Intercompany payables	3,687	359	—	75,514	227,513	10,664	(317,737)	—
Income taxes payable	—	2,338	—	—	741	1,303	—	4,382
Other current liabilities	—	—	—	38,156	34,191	738	(4,562)	68,523
Current indebtedness	—	—	—	16,911	—	—	—	16,911
Total current liabilities	5,035	2,766	—	191,949	272,487	142,149	(324,328)	290,058
Long-term indebtedness	—	—	—	2,911,284	—	—	—	2,911,284
Deferred tax liabilities	—	—	—	205,301	—	26,085	(7,275)	224,111
Other long-term financial liabilities	8,499	196	—	18	13,036	—	(8,500)	13,249
Other long-term liabilities	—	7,001	—	85,365	156,730	1,669	—	250,765
Total liabilities	13,534	9,963	—	3,393,917	442,253	169,903	(340,103)	3,689,467
Shareholders' equity	618,621	711,189	—	724,436	1,003,702	2,180,731	(2,595,985)	2,642,694
Total liabilities and shareholders' equity	\$ 632,155	\$ 721,152	\$ —	\$ 4,118,353	\$ 1,445,955	\$ 2,350,634	\$ (2,936,088)	\$ 6,332,161

Condensed Consolidating Balance Sheets
As at December 31, 2023

<i>(in thousands of \$)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Assets								
Cash and cash equivalents.	\$ 708	\$ 7,800	\$ —	\$ 280,859	\$ 140,561	\$1,239,161	\$ —	\$ 1,669,089
Trade and other receivables.	—	—	—	32,517	20,702	25,070	—	78,289
Other current financial assets	—	64	—	—	306	402	(141)	631
Intercompany receivables	381	1	—	233,258	74,307	714	(308,661)	—
Current income tax recoverable . .	—	1,687	—	12,495	2,081	314	(67)	16,510
Prepaid expenses and other current assets	3,281	—	—	7,606	10,977	38,958	(8,653)	52,169
Total current assets	4,370	9,552	—	566,735	248,934	1,304,619	(317,522)	1,816,688
Satellites, property and other equipment	—	—	—	91,410	587,731	539,418	41,739	1,260,298
Deferred tax assets	—	—	—	—	11,895	—	(8,941)	2,954
Other long-term financial assets.	—	8,322	—	2,080	4,553	—	(8,322)	6,633
Long-term income tax recoverable	—	—	—	7,497	—	—	—	7,497
Other long-term assets	—	—	—	40,635	291	—	—	40,926
Intangible assets	—	—	—	604	557,269	174,119	(39,236)	692,756
Investment in affiliates	424,652	505,476	—	2,928,832	126,687	—	(3,985,647)	—
Goodwill	—	—	—	549,162	—	—	1,897,441	2,446,603
Total assets	\$ 429,022	\$ 523,350	\$ —	\$ 4,186,955	\$1,537,360	\$2,018,156	\$ (2,420,488)	\$ 6,274,355
Liabilities								
Trade and other payables.	\$ 106	\$ 43	\$ —	\$ 22,735	\$ 7,950	\$ 12,792	\$ —	\$ 43,626
Other current financial liabilities	64	—	—	26,526	2,573	—	(102)	29,061
Intercompany payables	186	282	—	74,494	223,566	10,133	(308,661)	—
Income taxes payable	—	—	—	—	142	1,795	(16)	1,921
Other current liabilities	—	—	—	47,989	23,474	300	(8,644)	63,119
Total current liabilities	356	325	—	171,744	257,705	25,020	(317,423)	137,727
Long-term indebtedness	—	—	—	3,197,019	—	—	—	3,197,019
Deferred tax liabilities	—	—	—	216,527	—	25,541	(6,821)	235,247
Other long-term financial liabilities	8,322	192	—	79	14,646	—	(8,301)	14,938
Other long-term liabilities.	—	9,147	—	96,112	185,182	—	—	290,441
Total liabilities	8,678	9,664	—	3,681,481	457,533	50,561	(332,545)	3,875,372
Total shareholders' equity	420,344	513,686	—	505,474	1,079,827	1,967,595	(2,087,943)	2,398,983
Total liabilities and shareholders' equity	\$ 429,022	\$ 523,350	\$ —	\$ 4,186,955	\$1,537,360	\$2,018,156	\$ (2,420,488)	\$ 6,274,355

Unaudited Interim Condensed Consolidating Statements of Cash Flows
For the nine months ended September 30, 2024

<i>(in thousands of \$)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
Cash flows from (used in) operating activities								
Net income (loss)	\$ 223,456	\$ 225,377	\$ —	\$ 228,981	\$ 97,329	\$ 9,370	\$ (639,749)	\$ 144,764
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation	—	—	—	9,624	81,680	1,740	7,228	100,272
Amortization	—	—	—	1,456	1,931	245	4,806	8,438
Tax expense (recovery)	—	2,534	—	29,619	4,100	3,939	—	40,192
Interest expense	79	322	—	177,821	9,669	15	(2,091)	185,815
Interest income	(37)	(128)	—	(5,754)	(5,615)	(46,458)	2,022	(55,970)
(Gain) loss on foreign exchange	12	(26)	—	67,059	287	(27)	(90)	67,215
Share-based compensation	—	—	—	12,355	2,106	43	—	14,504
(Income) loss from equity investments	(225,377)	(228,981)	—	(105,349)	(1,350)	—	561,057	—
(Gain) loss on disposal of assets	—	—	—	48	318	—	—	366
(Gain) loss on disposal of subsidiaries	—	—	—	4,630	—	—	(7,250)	(2,620)
Gain on repurchase of debt	—	—	—	(193,690)	—	—	—	(193,690)
Deferred revenue amortization	—	—	—	(17,375)	(24,847)	—	—	(42,222)
Pension expense	—	530	—	3,702	—	—	—	4,232
Other	—	—	—	10	6,245	—	—	6,255
Income taxes paid, net of income taxes received	—	(152)	—	(33,589)	(1,935)	(4,874)	—	(40,550)
Interest paid, net of interest received	(42)	122	—	(153,234)	4,817	48,775	—	(99,562)
Government grant received	—	—	—	—	—	2,364	—	2,364
Operating assets and liabilities	2,754	(3,197)	—	1,323	(7,395)	(68,905)	(227)	(75,647)
Net cash from (used in) operating activities	845	(3,599)	—	27,637	167,340	(53,773)	(74,294)	64,156
Cash flows (used in) generated from investing activities								
Cash payments related to satellite programs	—	—	—	—	—	(502,384)	—	(502,384)
Cash payments related to property and other equipment	—	—	—	(3,022)	(88)	(44,828)	—	(47,938)
Purchase of intangible assets	—	—	—	—	(52)	—	—	(52)
Government grant received	—	—	—	—	—	15,031	—	15,031
Net proceeds from disposal of subsidiaries	—	—	—	1,213	—	—	—	1,213
Return of capital to shareholder	—	—	—	114,856	—	—	(114,856)	—
Investment in affiliates	—	—	—	(163,224)	—	—	163,224	—
Net cash (used in) generated investing activities	—	—	—	(50,177)	(140)	(532,181)	48,368	(534,130)

Unaudited Interim Condensed Consolidating Statements of Cash Flows
For the nine months ended September 30, 2024 — (Continued)

<i>(in thousands of \$)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
Cash flows (used in) generated from financing activities								
Repurchase of indebtedness	—	—	—	(147,908)	—	—	—	(147,908)
Payments of principal on lease liabilities	—	—	—	(1,125)	(459)	(224)	—	(1,808)
Satellite performance incentive payments	—	—	—	(1,717)	(1,254)	—	—	(2,971)
Tax withholdings on settlement on restricted and performance share units	—	—	—	(5,016)	(349)	(31)	—	(5,396)
Dividends paid	—	—	—	—	(74,294)	—	74,294	—
Proceeds from issuance of share capital	—	—	—	—	—	163,224	(163,224)	—
Return of capital to shareholder	—	—	—	—	(114,856)	—	114,856	—
Net cash (used in) generated from financing activities. . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>(155,766)</u>	<u>(191,212)</u>	<u>162,969</u>	<u>25,926</u>	<u>(158,083)</u>
Effect of changes in exchange rate on cash and cash equivalent	11	177	—	4,430	1,500	30,249	—	36,367
Changes in cash and cash equivalents	856	(3,422)	—	(173,876)	(22,512)	(392,736)	—	(591,690)
Cash and cash equivalents, beginning of period.	708	7,800	—	280,859	140,561	1,239,161	—	1,669,089
Cash and cash equivalents, end of period	<u>\$ 1,564</u>	<u>\$ 4,378</u>	<u>\$ —</u>	<u>\$ 106,983</u>	<u>\$ 118,049</u>	<u>\$ 846,425</u>	<u>\$ —</u>	<u>\$ 1,077,399</u>

Unaudited Interim Condensed Consolidating Statements of Cash Flows
For the nine months ended September 30, 2023

<i>(in thousands of \$)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
Cash flows from (used in) operating activities								
Net income (loss)	\$ 327,780	\$ 328,655	\$ —	\$ 330,909	\$ 97,548	\$ (1,055)	\$ (539,907)	\$ 543,930
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation	—	—	—	27,249	113,748	1,041	(1,971)	140,067
Amortization	—	—	—	721	1,988	242	6,976	9,927
Tax expense (recovery)	—	2,162	—	43,279	6,061	2,376	45,942	99,820
Interest expense	45	(144)	—	197,263	10,288	10	(2,291)	205,171
Interest income	(1)	(45)	—	(13,883)	(1,582)	(32,116)	—	(47,627)
(Gain) loss on foreign exchange	615	(5)	—	(310)	(547)	66	—	(181)
Share-based compensation	(692)	—	—	26,461	2,870	(2,573)	—	26,066
(Income) loss from equity investments	(328,655)	(330,909)	—	(96,243)	(250)	—	756,057	—
Loss (gains) on disposal of assets	—	—	—	43	(4)	1,828	(1,874)	(7)
Gain on repurchase of debt	—	—	—	(221,462)	—	—	—	(221,462)
Deferred revenue amortization	—	—	—	(22,053)	(22,510)	(890)	—	(45,453)
Pension expense	—	512	—	3,742	—	—	—	4,254
C-band clearing income	—	—	—	—	—	—	(344,892)	(344,892)
Other	—	—	—	1,299	1,520	—	—	2,819
Income taxes paid, net of income taxes received	—	(36)	—	(40,520)	(2,045)	(2,049)	—	(44,650)
Interest paid, net of interest received	1	45	—	(173,188)	696	32,321	—	(140,125)
Government grant received	—	—	—	—	—	972	—	972
Operating assets and liabilities	933	(6,557)	—	(1,538)	(8,317)	(18,566)	2,405	(31,640)
Net cash from (used in) operating activities	<u>26</u>	<u>(6,322)</u>	<u>—</u>	<u>61,769</u>	<u>199,464</u>	<u>(18,393)</u>	<u>(79,555)</u>	<u>156,989</u>
Cash flows (used in) generated from investing activities								
Satellite programs	—	—	—	(8,933)	—	(37,963)	—	(46,896)
Purchase of other property and equipment	—	—	—	(8,557)	(385)	(17,937)	—	(26,879)
Purchase of intangible assets	—	—	—	(13,211)	—	—	—	(13,211)
Government grant received	—	—	—	—	—	117	—	117
Return of capital to shareholder	—	3,293	—	131,940	—	—	(135,233)	—
C-band clearing proceeds	—	—	—	—	—	351,438	—	351,438
Investment in affiliates	—	—	—	—	(750)	—	750	—
Net cash (used in) generated from investing activities	<u>—</u>	<u>3,293</u>	<u>—</u>	<u>101,239</u>	<u>(1,135)</u>	<u>295,655</u>	<u>(134,483)</u>	<u>264,569</u>

Unaudited Interim Condensed Consolidating Statements of Cash Flows
For the nine months ended September 30, 2023 — (Continued)

<i>(in thousands of \$)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
Cash flows (used in) generated from financing activities								
Repayment of indebtedness	—	—	—	(316,733)	—	—	—	(316,733)
Payment of principal on lease liabilities	—	—	—	(928)	(380)	(300)	—	(1,608)
Satellite performance incentive payments	—	—	—	(3,257)	(1,062)	—	—	(4,319)
Proceeds from exercise of stock options	—	—	—	27	—	—	—	27
Tax withholdings on settlement of restricted share units	—	—	—	(2,458)	(220)	(41)	—	(2,719)
Proceeds from issuance of share capital	—	—	—	—	—	750	(750)	—
Return of capital to shareholder . .	—	—	—	(3,293)	(131,940)	—	135,233	—
Dividends paid	—	—	—	(10)	(79,545)	—	79,555	—
Net cash (used in) generated from financing activities. . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>(326,652)</u>	<u>(213,147)</u>	<u>409</u>	<u>214,038</u>	<u>(325,352)</u>
Effect of changes in exchange rate on cash and cash equivalent	<u>—</u>	<u>(11)</u>	<u>—</u>	<u>261</u>	<u>(1,125)</u>	<u>1,921</u>	<u>—</u>	<u>1,046</u>
Changes in cash and cash equivalents	26	(3,040)	—	(163,383)	(15,943)	279,592	—	97,252
Cash and cash equivalents, beginning of period	<u>18</u>	<u>4,742</u>	<u>—</u>	<u>496,106</u>	<u>136,713</u>	<u>1,040,213</u>	<u>—</u>	<u>1,677,792</u>
Cash and cash equivalents, end of period	<u>\$ 44</u>	<u>\$ 1,702</u>	<u>\$ —</u>	<u>\$ 332,723</u>	<u>\$ 120,770</u>	<u>\$1,319,805</u>	<u>\$ —</u>	<u>\$ 1,775,044</u>

CURRENT SHARE INFORMATION

The number of shares and stated value of the outstanding Class A common shares and Class B variable voting shares (“Telesat Public shares”), and Class C fully voting shares and Class C limited voting shares (together, the “Class C shares”) as at September 30, 2024, were as follows:

	Number of shares	Stated value
Telesat Public shares	13,940,086	\$ 50,127
Class C shares	112,841	6,340
	<u>14,052,927</u>	<u>\$ 56,467</u>

The breakdown of the number of shares of Telesat Public Shares, as at September 30, 2024, was as follows:

Telesat Public shares	
Class A Common shares	2,016,982
Class B Variable Voting shares	11,923,104
Total Telesat Public shares	<u>13,940,086</u>

The split between the Class A Common shares and Class B Variable Voting shares in the table above is based on information available to the Company as at September 30, 2024.

In addition, we have one Class A Special Voting Share, one Class B Special Voting Share, one Class C Special Voting Share and one Golden Share outstanding, each with a nominal stated value as at September 30, 2024.

The number of outstanding stock options, restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”) issued under our Omnibus Plan and Historic Plan as at September 30, 2024 were as follows:

	Historic Plan	Omnibus Plan
Stock Options	52,628	796,522
RSUs with time criteria	62,040	985,618
RSUs with time and performance criteria	124,080	—
PSUs with time and performance criteria	—	692,129
DSUs	—	174,832
	<u>238,748</u>	<u>2,649,101</u>

Each of the foregoing securities can be settled or exercised, as applicable, for Telesat Public Shares.

During the nine months ended September 30, 2024, 741,633 Restricted Share Units (“RSUs”) were settled for 356,127 Telesat Public Shares, on a net settlement basis (nine months ended September 30, 2023 — 511,157 RSUs were settled for 260,247 Telesat Public Shares, on a net settlement basis).

During the nine months ended September 30, 2024, 12,434 Deferred Share Units (“DSUs”) were settled for an equal number of Telesat Public Shares (nine months ended September 30, 2023 — Nil).

During the nine months ended September 30, 2024, 93,896 Performance Share Units (“PSU”) were settled for 67,281 Telesat Public Shares (nine months ended September 30, 2023 — Nil).

During the nine months ended September 30, 2024, 6,743 options were exercised in exchange for an equal number of Telesat Public Shares (nine months ended September 30, 2023 — 1,000 options were exercised in exchange for an equal number of Telesat Public Shares).

During the nine months ended September 30, 2023, 532,473 Telesat Public Shares were issued in exchange for an equal number of Class B Limited Partnership units (“LP Units”). There were no exchanges of LP Units in the nine months ended September 30, 2024.

The number and stated value of the outstanding limited partnership units (“LP Units”) issued by Telesat Partnership LP as at September 30, 2024, were as follows:

<i>(in thousands of \$, except number of units)</i>	Number of units	Stated value
Class A and Class B LP Units.	18,321,792	\$ 50,141
Class C LP Units.	18,098,362	38,893
	<u>36,420,154</u>	<u>\$ 89,034</u>

On consolidation into Telesat Corporation, the stated value of the LP Units is included in non-controlling interest.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the amounts of revenue and expenses reported for the year. Actual results could differ from these estimates under different assumptions and conditions. For more details on these estimates, refer to Note 5 of our audited consolidated financial statements for the year ended December 31, 2023.

The critical accounting judgements and estimates used in the application of our accounting policies are consistent with those outlined in Note 5 of the consolidated financial statements for the year ended December 31, 2023.

ACCOUNTING STANDARDS

Segment Reporting

As of January 1, 2024, we changed from operating with one operating segment to two operating segments. The two operating segments are geostationary (“GEO”) and LEO. Transactions that do not belong to a particular operating segment such as certain corporate entities are reported within “Others”.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company’s Chief Operating Decision Maker, who is the Company’s Chief Executive Officer.

Impairment of Goodwill and Indefinite Life Intangible Assets

An assessment for impairment of goodwill and indefinite life intangible assets is performed annually, or more frequently whenever events or changes in circumstances indicate that the carrying amounts of these assets are likely to exceed their recoverable amount.

Up to the year ended December 31, 2023, goodwill was tested for impairment at the entity-level which represented the lowest level within the Company at which the goodwill was monitored for internal management purposes. Due to the changes made to the operating segments, as of January 1, 2024, the Company reallocated its goodwill to GEO and LEO segments on a relative fair value basis which are now considered to be the lowest level at which the goodwill is monitored for the purpose of impairment.

Future Changes in Accounting Policies

The IASB periodically issues new and amended accounting standards. The new and amended standards determined to be applicable to the Company are disclosed below. The remaining new and amended standards have been excluded as they are not applicable.

IFRS 18, Presentation and Disclosures of Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosures of Financial Statements* (“IFRS 18”) with the aim of improving companies’ reporting of financial performance and give investors a better basis for analyzing and comparing companies.

IFRS 18 introduces three new sets of requirements:

1) Improved comparability in the statement of profit or loss (income statement) which introduces three defined categories for income and expenses: operating, investing and financing. These changes would require all companies to use the same structure of the income statement, provide new defined subtotals, including operating profit.

2) Enhanced transparency of management-defined performance measures which would require companies to disclose explanations of those company specific measures that are related to the income statement.

3) More useful grouping of information in the financial statements which provides enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

We are currently evaluating the impact of this new standard.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item. 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations, and the section “Market Risk”.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We discuss certain legal proceedings in Telesat Corporation's Annual Report on Form 20-F for the fiscal year ended December 31, 2023, filed with the SEC, in the section titled "Legal Proceedings". We refer the reader to that discussion for information concerning those proceedings. There have been no material developments in those proceedings since the filing of that report.

In addition, Telesat Canada is in a contract dispute with its customers Shaw Satellite G.P. and Shaw Satellite Services Inc. (collectively, "Shaw"), regarding payments for services provided to Shaw on the Anik F2 satellite and related ground services pursuant to two agreements with terms ending December 31, 2025. Shaw has purported to terminate both agreements alleging that the Anik F2 RF channel services failed to meet the required performance parameters. While the Anik F2 satellite experienced a North-South thruster failure in late 2021, and was transitioned to inclined operations in late 2022, the Anik F2 satellite remains capable of meeting the performance parameters in the agreements. Telesat Canada advised Shaw that it had no right to terminate the agreements and that Telesat Canada has not accepted those terminations, that Shaw is in arrears in its payments under the agreements, and that Telesat Canada would terminate the services provided under the agreements if Shaw did not pay the arrears. Shaw failed to pay the arrears and Telesat Canada terminated the services provided under the agreements effective August 31, 2024 and commenced an action against Shaw in the Ontario Superior Court of Justice on September 26, 2024 seeking, among other things, damages for breach of contract and breach of the duty of good faith in the amount of \$45 million. While we believe we have a strong position in this contract dispute with Shaw, no assurances can be made on a successful outcome to the dispute and, further, no assurances can be made on recovery of any amounts in connection therewith.

Item 1A. Risk Factors

Our business and operations are subject to a significant number of known and unknown risks and uncertainties. The most significant of the known risks are summarized in, and the reader's attention is directed to, the section titled "Risk Factors" of Telesat Corporation's Annual Report on Form 20-F for the fiscal year ended December 31, 2023 and our reports on the Form 6-K filed on March 28, 2024 and on May 10, 2024. There have been no material changes to the risk factors since the filing of those reports.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Reserved

Item 5. Other Information

None.

Item 6. Exhibits

None.