PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

(in thousands of Canadian dollars, except per share amounts)	Notes	2025	2024
Revenue	4	$ 116,749	$ 152,175
Operating expenses	5	(53,042)	(47,112)
Depreciation		(25,909)	(36,395)
Amortization		(10,899)	(2,823)
Other operating gains (losses), net	7	3,950	15
Operating income		30,849	65,860
Interest expense	6	(56,664)	(64,430)
Interest and other income		6,208	21,128
Gain (loss) on changes in fair value of financial instruments	19	(33,412)	—
Gain (loss) on foreign exchange		2,480	(68,413)
Income (loss) before income taxes		(50,539)	(45,855)
Tax (expense) recovery	8	(918)	(6,482)
Net income (loss)		$ (51,457)	$ (52,337)
Net income (loss) attributable to:			
Telesat Corporation shareholders		$ (15,538)	$ (14,762)
Non-controlling interest		(35,919)	(37,575)
		$ (51,457)	$ (52,337)
Net income (loss) per common share attributable to Telesat Corporation shareholders			
Basic		$ (1.08)	$ (1.08)
Diluted		$ (1.08)	$ (1.08)
Total Weighted Average Common Shares Outstanding			
Basic	16	14,381,205	13,706,546
Diluted	16	14,381,205	13,706,546

See accompanying notes to the unaudited interim condensed consolidated financial statements

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

(in thousands of Canadian dollars)	2025	2024
Net income (loss)	$ (51,457)	$ (52,337)
Other comprehensive income (loss)		
Items that may be reclassified into profit or loss		
Foreign currency translation adjustments	1,752	95,755
Total other comprehensive income (loss)	1,752	95,755
Total comprehensive income (loss)	$ (49,705)	$ 43,418
Total comprehensive income (loss) attributable to:		
Telesat Corporation shareholders	$ (15,238)	$ 11,254
Non-controlling interest	(34,467)	32,164
	$ (49,705)	$ 43,418

See accompanying notes to the unaudited interim condensed consolidated financial statements

Telesat Corporation
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars)	Telesat Corporation Shares	Accumulated earnings	Equity-settled employee benefits reserve	Foreign currency translation reserve	Total reserves	Total Telesat Corporation shareholders' equity	Non-controlling Interest	Total shareholders' equity
Balance as at January 1, 2024	$ 51,252	$ 534,058	$ 67,807	$ 8,801	$ 76,608	$ 661,918	$ 1,737,065	$ 2,398,983
Net income (loss)	—	(14,762)	—	—	—	(14,762)	(37,575)	(52,337)
Issuance of share capital on settlement of restricted share units and deferred share units	1,986	3,943	(502)	191	(311)	5,618	(7,776)	(2,158)
Other comprehensive income (loss), net of tax (expense) recovery of $Nil	—	—	—	26,016	26,016	26,016	69,739	95,755
Share-based compensation	—	—	1,487	—	1,487	1,487	3,949	5,436
Balance as at March 31, 2024	$ 53,238	$ 523,239	$ 68,792	$ 35,008	$ 103,800	$ 680,277	$ 1,765,402	$ 2,445,679
Balance as at April 1, 2024	$ 53238	$ 523,239	$ 68,792	$ 35,008	$ 103,800	$ 680,277	$ 1,765,402	$ 2,445,679
Net income (loss)	—	(72,958)	—	—	—	(72,958)	(177,171)	(250,129)
Issuance of share capital on settlement of restricted share units, deferred share units, performance share units and the exercise of stock options	5,844	12,098	(1,085)	1,476	391	18,333	(22,877)	(4,544)
Other comprehensive income (loss), net of tax (expense) recovery of $(4,844)	—	4,954	—	76,426	76,426	81,380	212,669	294,049
Share-based compensation	—	—	3,248	—	3,248	3,248	8,402	11,650
Balance as at December 31, 2024	$ 59,082	$ 467,333	$ 70,955	$ 112,910	$ 183,865	$ 710,280	$ 1,786,425	$ 2,496,705
Balance as at January 1, 2025	$ 59,082	$ 467,333	$ 70,955	$ 112,910	$ 183,865	$ 710,280	$ 1,786,425	$ 2,496,705
Net income (loss)	—	(15,538)	—	—	—	(15,538)	(35,919)	(51,457)
Issuance of share capital on settlement of restricted share units and performance share units	6,855	4,897	(994)	1,843	849	12,601	(19,374)	(6,773)
Exchange of Limited Partnership units for Public Shares	34	—	—	—	—	34	(34)	—
Other comprehensive income (loss), net of tax (expense) recovery of $Nil	—	—	—	300	300	300	1,452	1,752
Share-based compensation	—	—	939	—	939	939	2,306	3,245
Balance as at March 31, 2025	$ 65,971	$ 456,692	$ 70,900	$ 115,053	$ 185,953	$ 708,616	$ 1,734,856	$ 2,443,472

See accompanying notes to the unaudited interim condensed consolidated financial statements

Telesat Corporation
Unaudited Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars)	Notes	March 31, 2025	December 31, 2024
Assets			
Cash and cash equivalents		$ 797,371	$ 552,064
Trade and other receivables		62,304	158,930
Other current financial assets		685	565
Current income tax recoverable		28,810	29,253
Prepaid expenses and other current assets		265,768	280,460
Total current assets		1,154,938	1,021,272
Satellites, property and other equipment	4,9	2,428,957	2,277,143
Deferred tax assets		2,791	3,059
Other long-term financial assets		12,953	9,767
Long-term income tax recoverable		6,993	6,993
Other long-term assets	4	417,827	516,507
Intangible assets	4,10	487,298	497,466
Goodwill	10	2,613,409	2,612,972
Total assets		$ 7,125,166	$ 6,945,179
LIABILITIES			
Trade and other payables		$ 92,664	$ 158,276
Other current financial liabilities		43,419	26,483
Income taxes payable		6,713	5,913
Other current liabilities		62,183	65,906
Total current liabilities		204,979	256,578
Long-term indebtedness	12	3,353,208	3,096,615
Deferred tax liabilities		173,165	175,544
Other long-term financial liabilities		663,173	630,556
Other long-term liabilities		287,169	289,181
Total liabilities		4,681,694	4,448,474
SHAREHOLDERS' EQUITY			
Share capital	13	65,971	59,082
Accumulated earnings		456,692	467,333
Reserves		185,953	183,865
Total Telesat Corporation shareholders' equity		708,616	710,280
Non-controlling interest	14	1,734,856	1,786,425
Total shareholders' equity		2,443,472	2,496,705
Total liabilities and shareholders' equity		$ 7,125,166	$ 6,945,179

See accompanying notes to the unaudited interim condensed consolidated financial statements

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

(in thousands of Canadian dollars)	Notes	2025	2024
Cash flows from operating activities			
Net income (loss)		$ (51,457)	$ (52,337)
Adjustments to reconcile net income (loss) to cash flows from operating activities:			
Depreciation		25,909	36,395
Amortization		10,899	2,823
Tax expense (recovery)		918	6,482
Interest expense		56,664	64,430
Interest income		(6,342)	(21,296)
(Gain) loss on foreign exchange		(2,480)	68,413
(Gain) loss on changes in fair value of financial instruments		33,412	—
Share-based compensation		3,241	5,434
(Gain) loss on disposal of assets		(3,950)	(15)
Deferred revenue amortization		(14,407)	(13,659)
Pension expense		1,366	1,409
Other		(691)	197
Income taxes paid, net of income tax received	21	(1,580)	(11,496)
Interest paid, net of interest received	21	(31,350)	(18,147)
Government grant received		—	1,085
Operating assets and liabilities	21	118,772	6,953
Net cash from operating activities		138,924	76,671
Cash flows (used in) generated from investing activities			
Cash payments related to satellite programs		(200,313)	(757)
Cash payments related to property and other equipment		(34,744)	(19,278)
Net proceeds from disposal of assets		4,500	—
Government grant received		—	109
Net cash (used in) generated from investing activities		(230,557)	(19,926)
Cash flows (used in) generated from financing activities			
Proceeds from indebtedness	12	340,000	—
Payments of principal on lease liabilities	21	(515)	(647)
Satellite performance incentive payments	21	(190)	(711)
Tax withholdings on settlement of restricted and performance share units		(6,788)	(2,116)
Net cash (used in) generated from financing activities		332,507	(3,474)
Effect of changes in exchange rates on cash and cash equivalents		4,433	33,939
Changes in cash and cash equivalents		245,307	87,210
Cash and cash equivalents, beginning of period		552,064	1,669,089
Cash and cash equivalents, end of period		$ 797,371	$ 1,756,299

See accompanying notes to the unaudited interim condensed consolidated financial statements

1. BACKGROUND OF THE COMPANY

Telesat Corporation was incorporated under the *Business Corporations Act* (British Columbia) in October 2020 and is headquartered in Ottawa, Canada.

References herein to "Telesat" or "Company" refer to Telesat Corporation and its subsidiaries.

The Company is a global satellite operator, providing mission-critical communications solutions to support the requirements of sophisticated satellite users throughout the world. The Company's state-of-the-art fleet consists of 14 geostationary satellites and the Canadian payload on Viasat-1.

Telesat LEO Inc., a wholly-owned subsidiary of the Company, is building a constellation of low earth orbit ("LEO") satellites and integrated terrestrial infrastructure, called "Telesat Lightspeed". In January 2018, the 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, the Company successfully launched its LEO 3 satellite into orbit, and it has since replaced LEO 1.

The Company began trading on the Nasdaq Global Select Market and the Toronto Stock Exchange on November 19, 2021 under the ticker symbol "TSAT". Quarterly and annual financial statements, material change statements and other publicly available documents of the Company can be obtained from the U.S. Securities Exchange Commission ("SEC") at *https://www.sec.gov* and the System for Electronic Document Analysis and Retrieval ("SEDAR+") at *https://www.sedarplus.ca*.

Unless the context states or requires otherwise, references herein to the "financial statements" or similar terms refer to the unaudited interim condensed consolidated financial statements of Telesat.

On May 5, 2025, these financial statements were approved by the Audit Committee of the Board of Directors and authorized for issue.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements represent the interim financial statements of the Company and its subsidiaries, on a consolidated basis, prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34").

The financial statements should be read in conjunction with the December 31, 2024 consolidated financial statements of the Company. The financial statements use the same basis of presentation and accounting policies and critical accounting judgments and estimates as outlined in Notes 3 and 4 of the consolidated financial statements for the year ended December 31, 2024, with the exception of the changes outlined in Note 3, below.

The results of operations for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the full fiscal year.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Orbital Slot Intangible Assets

Prior to January 1, 2025, the Company's accounting estimates concerning the appropriate useful economic lives of geostationary ("GEO") orbital slots have been that they have indefinite lives as it was expected, with a relatively high level of certainty, that it would maintain continued occupancy of an assigned GEO orbital slot either during the operational life of an existing orbiting satellite or upon replacement by a new satellite once the operational life of the existing orbiting satellite is over.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont.)

To respond to market dynamics, the Company is focused on developing its constellation of LEO satellites. A large part of its current and future capital expenditures are expected to be related to this constellation. In light of market developments, the number of occupied operational GEO orbital slots is likely to decline over time and management no longer believes that the existing GEO orbital slots will continue to be utilized for an indefinite period of time.

As a result, management has updated its estimates in this area such that all GEO orbital slots are now presented as finite life assets. For those orbital slots which were formerly presented as indefinite life assets, their residual carrying values will generally be amortized over the remaining life of the on-station satellite operating at that orbital position in accordance with the provisions of International Accounting Standard 38, *Intangible Assets* ("IAS 38"). Where more than one satellite is co-located at one position then the latest end of life amongst those satellites is used. Where the likelihood of procuring a new or replacement satellite is probable, management calculates the end of life of that uncommitted replacement and applies it in computing the amortization life of the relevant orbital slot. The useful lives applied in the amortization of orbital slots range from 1 to 34 years.

This change in accounting estimate regarding the useful lives of the orbital slots has been accounted for prospectively, beginning on January 1, 2025.

The impact on the balance sheet as at March 31, 2025 was as follows:

(in millions of dollars)		
Intangible assets	$	(8.6)
Accumulated earnings	$	8.6

The impact on the statement of income (loss) for the three months ended March 31, 2025 was as follows:

(in millions of dollars)		
Amortization	$	8.6

Under IFRS®, a change in the useful life of an orbital slot is an indicator of impairment, requiring an assessment. The Company performed its latest impairment test for orbital slots in the fourth quarter of the year ended December 31, 2024. Given the proximity of that assessment to the change in useful life, the Company reevaluated the key assumptions and determined that there were no material changes that would significantly affect the recoverable amount. Accordingly, the Company relied on this assessment to support its impairment conclusion as of the date the useful life was revised.

Future Changes in Accounting Policies

The International Accounting Standards Board ("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 in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosures in Financial Statements* ("IFRS 18") with the aim of improving companies' reporting of financial performance and giving 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 and provide new defined subtotals, including operating profit.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont.)

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. The Company is currently evaluating the impact of this new standard.

4. SEGMENT INFORMATION

The Company reports under two operating segments which are GEO and LEO. Transactions that do not belong to a particular operating segment, such as certain corporate entities, are reported within "Other".

The Company's Chief Operating Decision Maker ("CODM"), who is the Company's Chief Executive Officer, is provided with information to review the operating results, assess performance of the operations and make capital allocation decisions at the operating segment level comprising GEO and LEO. The accounting policies of the reportable segments are the same as those described in Note 2 and Note 3 above.

The segment information regularly reviewed by the CODM and the reconciliation thereof to the net income (loss) as well as the capital expenditures by operating segment are included in the following tables:

Three months ended March 31, 2025	GEO	LEO	Other	Consolidated
Revenue	$ 115,133	$ 1,616	$ —	$ 116,749
Operating expenses, net of share-based compensation and non-recurring items(1)	(29,660)	(18,478)	(1,204)	(49,342)
Adjusted EBITDA(1)	$ 85,473	(16,862)	(1,204)	67,407
Share-based compensation				(3,241)
Non-recurring items(2)				(459)
Depreciation				(25,909)
Amortization				(10,899)
Other operating gains (losses), net				3,950
Operating income				30,849
Interest expense				(56,664)
Gain (loss) on foreign exchange				2,480
Gain (loss) on changes in fair value of financial instruments				(33,412)
Interest and other income				6,208
Income (loss) before income taxes				(50,539)
Tax (expense) recovery				(918)
Net income (loss)				(51,457)
Capital expenditures	$ 408	$ 178,120	$ —	$ 178,528

(all amounts in thousands of Canadian dollars, except where otherwise noted)

4. SEGMENT INFORMATION (cont.)

Three months ended March 31, 2024	GEO	LEO	Other	Consolidated
Revenue	$ 148,121	$ 4,054	$ —	$ 152,175
Operating expenses, net of share-based compensation and non-recurring items[1]	(25,183)	(15,311)	(940)	(41,434)
Adjusted EBITDA[1]	$ 122,938	$ (11,257)	$ (940)	110,741
Share-based compensation				(5,434)
Non-recurring items[2]				(244)
Depreciation				(36,395)
Amortization				(2,823)
Other operating gains (losses), net				15
Operating income				65,860
Interest expense				(64,430)
Interest and other income				21,128
Gain (loss) on foreign exchange				(68,413)
Income (loss) before income taxes				(45,855)
Tax (expense) recovery				(6,482)
Net income (loss)				$ (52,337)
Capital expenditures	$ 1,124	$ 24,266	$ —	$ 25,390

(1) The performance of each segment is evaluated by the CODM based on Adjusted EBITDA. 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 Telesat's operating performance.

(2) Non-recurring items includes severance payments and special compensation and benefits for executives and employees.

Service Revenue

The Company derives revenue from the following services:

Broadcast — Direct-to-home television, video distribution and contribution, and occasional use services.

Enterprise — Telecommunication carrier and integrator, government, consumer broadband, resource, maritime and aeronautical, retail and satellite operator services.

Consulting and other — Consulting services related to space and earth segments, government studies, satellite control services, and research and development.

Consolidated

Revenue derived from the above services were as follows:

Three months ended March 31,	2025	2024
Broadcast	$ 55,056	$ 72,512
Enterprise	56,843	72,843
Consulting and other	4,850	6,820
Total revenue	$ 116,749	$ 152,175

(all amounts in thousands of Canadian dollars, except where otherwise noted)

4. SEGMENT INFORMATION (cont.)

Equipment sales included within the various services were as follows:

Three months ended March 31,	2025	2024
Enterprise	$ 1,148	$ 5,127
Equipment sales	$ 1,148	$ 5,127

All revenue from equipment sales relates to the GEO segment.

Operating Segments

Revenue derived from the GEO operating segment was as follows:

For the three months ended March 31,	2025	2024
Broadcast	$ 55,056	$ 72,512
Enterprise	56,843	72,843
Consulting and other	3,234	2,766
Revenue	$ 115,133	$ 148,121

Revenue derived from the LEO operating segment was as follows:

For the three months ended March 31,	2025	2024
Consulting and other	1,616	4,054
Revenue	$ 1,616	$ 4,054

Geographic Information

Revenue by geographic regions was based on the point of origin of the revenue, which was the destination of the billing invoice, and was allocated as follows:

Three months ended March 31,	2025	2024
Canada	$ 58,540	$ 70,906
United States	38,579	55,623
Europe, Middle East & Africa	7,590	8,082
Latin America & Caribbean	7,550	9,073
Asia & Australia	4,490	8,491
Revenue	$ 116,749	$ 152,175

For the three months ended March 31, 2025 and 2024, all revenue from the LEO segment was from the United States geographic region.

For disclosure purposes, the satellites and the intangible assets have been classified based on ownership. Satellites, property and other equipment and intangible assets by geographic regions were allocated as follows:

As at,	March 31, 2025	December 31, 2024
Canada	$ 2,068,909	$ 1,903,673
United Kingdom	337,823	349,619
United States	14,320	14,964
Europe, Middle East & Africa (excluding United Kingdom)	6,454	7,427
All others	1,451	1,460
Satellites, property and other equipment	$ 2,428,957	$ 2,277,143

(all amounts in thousands of Canadian dollars, except where otherwise noted)

4. SEGMENT INFORMATION (cont.)

As at,	March 31, 2025	December 31, 2024
Canada	$ 467,811	$ 477,221
United States	7,452	7,896
Latin America & Caribbean	9,165	8,817
All others	2,870	3,532
Intangible assets	$ 487,298	$ 497,466

Other long-term assets by geographic regions were allocated as follows:

As at,	March 31, 2025	December 31, 2024
Canada	417,827	516,507
Other long-term assets	$ 417,827	$ 516,507

Goodwill was not allocated to geographic regions.

Major Customers

For the three months ended March 31, 2025 and 2024, there were two significant customers each representing more than 10% of consolidated revenue.

5. OPERATING EXPENSES

Three months ended March 31,	2025	2024
Compensation and employee benefits[(a)]	$ 26,073	$ 25,294
Other operating expenses[(b)]	20,251	11,121
Cost of sales[(c)]	6,718	10,697
Operating expenses	$ 53,042	$ 47,112

(a) Compensation and employee benefits included salaries, bonuses, commissions, post-employment benefits and charges arising from share-based compensation.

(b) Other operating expenses included general and administrative expenses, marketing expenses, in-orbit insurance expenses, professional fees and facility costs. The balance for the three months ended March 31, 2025 included $0.8 million of leases not capitalized due to exemptions and variable lease payments not included in the measurement of the lease liabilities (three months ended March 31, 2024 — $0.5 million).

(c) Cost of sales included the cost of third-party satellite capacity, the cost of equipment sales and other costs directly attributable to fulfilling the Company's obligations under customer contracts.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

6. INTEREST EXPENSE

Three months ended March 31,	2025	2024
Interest on indebtedness	$ 56,452	$ 60,168
Interest on satellite performance incentive payments	252	309
Interest on significant financing component	3,284	3,623
Interest on employee benefit plans	(265)	(40)
Interest on leases	446	370
Capitalized interest	(3,505)	—
Interest expense	$ 56,664	$ 64,430

7. OTHER OPERATING GAINS (LOSSES), NET

Three months ended March 31,	2025	2024
Gain (loss) on disposal of assets	$ 3,950	$ 15
Other operating gains (losses), net	$ 3,950	$ 15

8. INCOME TAXES

Three months ended March 31,	2025	2024
Current tax expense (recovery)	$ 2,432	$ 7,941
Deferred tax expense (recovery)	(1,514)	(1,459)
Tax expense (recovery)	$ 918	$ 6,482

A reconciliation of the statutory income tax rate, which is a composite of Canadian federal and provincial rates, to the effective income tax rate was as follows:

Three months ended March 31,	2025	2024
Income (loss) before income taxes	$ (50,539)	$ (45,855)
Multiplied by the statutory income tax rates	26.39%	26.40%
	(13,337)	(12,106)
Income tax recorded at rates different from the Canadian tax rate	(1,187)	(1,587)
Permanent differences	11,107	12,233
Effect of temporary differences not recognized as deferred tax assets	3,540	10,016
Foreign taxes	535	—
Taxes related to prior periods	—	(144)
Impact of foreign exchange	260	(1,930)
Tax expense (recovery)	$ 918	$ 6,482
Effective income tax rate	(1.82)%	(14.14)%

9. SATELLITES, PROPERTY AND OTHER EQUIPMENT

For the three months ended March 31, 2025, the Company had additions of $178.5 million (March 31, 2024 — $25.4 million) primarily related to acquisitions associated with the LEO program.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

10. GOODWILL AND INTANGIBLE ASSETS

As stated in Note 3, commencing on January 1, 2025, the orbital slots were accounted for as finite life intangible assets. The change in estimate from indefinite life to finite life and the subsequent amortization on the orbital slots are summarized below.

	Orbital slots (indefinite life)	Orbital slots (finite life)	Total
Cost as at January 1, 2025	$ 611,173	$ —	$ 611,173
Transfer to finite life	(611,173)	611,173	—
Impact of foreign exchange	—	1,032	1,032
Cost as at March 31, 2025	$ —	$ 612,205	$ 612,205
Accumulated impairment as at January 1, 2025	$ (258,877)	$ —	$ (258,877)
Transfer to finite life	258,877	(258,877)	—
Amortization	—	(8,567)	(8,567)
Impact of foreign exchange	—	(1,033)	(1,033)
Accumulated amortization as at March 31, 2025	$ —	$ (268,477)	(268,477)
Net carrying values			
As at December 31, 2024	$ 352,296	$ —	$ 352,296
As at March 31, 2025	$ —	$ 343,728	$ 343,728

During the first quarter of 2025, we reviewed the most sensitive assumptions to determine whether or not there were any changes in the assumptions from the valuation that was performed at the end of 2024. Based upon this review, there were no changes to the assumptions from the valuation that was performed at the end of 2024, and as such there was no impairment on goodwill, orbital slots or trade name.

11. LEASE LIABILITIES

The expected undiscounted contractual cash flows of the lease liabilities as at March 31, 2025 were as follows:

Remainder 2025	2026	2027	2028	2029	Thereafter	Total
$2,597	$ 3,946	$ 3,862	$ 3,912	$ 3,988	$ 36,319	$ 54,624

The undiscounted contractual cash flows included $17.7 million of interest payments.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

12. INDEBTEDNESS

As at,	March 31, 2025	December 31, 2024
Senior Secured Credit Facilities		
Term Loan B – U.S. Facility[1] (March 31, 2025 and December 31, 2024 – US$1,320,531)	$ 1,899,847	$ 1,889,451
Senior Unsecured Notes[2] (March 31, 2025 and December 31, 2024 – US$221,250)	318,312	318,246
2026 Senior Secured Notes[3] (March 31, 2025 and December 31, 2024 – US$387,047)	556,845	566,728
Senior Secured Notes[4] (March 31, 2025 and December 31, 2024 – US$224,995)	323,700	323,633
Government of Canada Telesat Lightspeed Financing[5]	289,019	—
Government of Quebec Telesat Lightspeed Financing[5]	54,022	—
	3,441,745	3,098,058
Deferred financing costs, prepayment options, warrants and loss on repayment	(88,537)	(1,443)
	3,353,208	3,096,615
Less: current indebtedness	—	—
Long-term indebtedness	$ 3,353,208	$ 3,096,615

(1) On December 6, 2019, Telesat Canada entered into a new amended and restated Credit Agreement with a syndicate of banks which provides for the extension of credit under the Senior Secured Credit Facilities ("Senior Secured Credit Facilities"). The Senior Secured Credit Facilities are comprised of two tranches — a revolving credit facility of up to $200.0 million US dollars having matured in December 2024 and Term Loan B — U.S. Facility of US$1,908.5 million maturing in December 2026.

(2) On October 11, 2019, Telesat Canada issued, through a private placement, US$550 million of 6.5% Senior Unsecured Notes, maturing in October 2027 ("Senior Unsecured Notes").

(3) On December 6, 2019, Telesat Canada issued, through a private placement, US$400 million 4.875% Senior Secured Notes, maturing in June 2027 ("Senior Secured Notes").

(4) On April 27, 2021, Telesat Canada issued, through a private placement, US$500 million in aggregate principal amount of 5.625% Senior Secured Notes maturing in December 2026 ("2026 Senior Secured Notes").

(5) On September 13, 2024, Telesat LEO Inc. entered into loan agreements with 16342451 Canada Inc., a subsidiary of Canada Development Investment Corporation ("Government of Canada") and Investissement Quebec ("Government of Quebec"), 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"). Two advances were received during the three months ended March 31, 2025 totaling $286.5 million from the Government of Canada and $53.5 million from the Government of Quebec. The debt balances include $3.0 million of interest that was added to the principal balance of the loan.

Telesat Lightspeed Financing Warrants

As consideration for making available the loan facility, Telesat LEO Inc. entered into agreements with the lenders that irrevocably grant warrants equivalent to 11.87% of the common shares of Telesat LEO Inc. on a fully diluted basis ("Telesat Lightspeed Financing Warrants"). The Telesat Lightspeed Financing Warrants entitle the Government of Canada to acquire 10% and Government of Quebec to acquire 1.87% of Telesat LEO Inc.'s total shares on fully diluted basis, which were fair valued upon the completion of the conditions precedent.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

12. INDEBTEDNESS (cont.)

The Telesat Lightspeed Financing Warrants are exercisable in whole or in part, using a cash or cashless exercise feature (at the sole discretion of holder), 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). The standard cash exercise of the warrants meets the definition of gross-settled equity instruments; on the other hand, if the cashless exercise is used, the number of shares will vary depending on fair market value of the Telesat LEO Inc. common shares at the time of exercise. Consequently, the Telesat Lightspeed Financing Warrants fail to meet fixed-for-fixed criteria for equity classification and have been designated at fair value through profit and loss classified as a Level 3 instrument (Note 19).

Deferred Financing Charges

Deferred financing charges include the debt issue costs associated with the Telesat Lightspeed Financing and the initial value of the Telesat Lightspeed Financing Warrants granted to the Government of Canada and the Government of Quebec. As drawdowns are made against the Telesat Lightspeed Financing, the proportional amount of the deferred financing charges will be transferred to debt issue costs against the long-term indebtedness and amortized to interest expense using the effective interest method.

The activity in deferred financing charges for the three months ended March 31, 2025 is as follows:

	Telesat Lightspeed Financing Warrants	Debt issue costs	Total
As at December 31, 2024	$ 617,476	$ 37,468	$ 654,944
Additions	—	1,000	1,000
Transferred to debt issue costs	(80,888)	(5,055)	(85,943)
Impact of foreign exchange	(1,655)	40	(1,615)
As at March 31, 2025	$ 534,933	$ 33,453	$ 568,386

13. SHARE CAPITAL

The Class A Common shares together with the Class B Variable Voting shares represent the Corporation's Public Shares ("Telesat Public Shares"). The Class C Fully Voting shares and Class C Limited Voting shares shall be referred to as ("Class C Shares"). The Telesat Public Shares and Class C Shares together represent Telesat Corporation Shares ("Telesat Corporation Shares").

The number of shares and stated value of the outstanding shares were as follows:

	March 31, 2025		December 31, 2024	
	Number of shares	Stated value	Number of shares	Stated value
Telesat Public Shares	14,362,541	$ 59,631	14,080,010	$ 52,742
Class C Shares	112,841	6,340	112,841	6,340
	14,475,382	$ 65,971	14,192,851	$ 59,082

The breakdown of the number of shares of Telesat Public Shares, as at March 31, 2025, was as follows:

Telesat Public shares	
Class A Common shares	3,061,121
Class B Variable Voting shares	11,301,420
Total Telesat Public shares	14,362,541

(all amounts in thousands of Canadian dollars, except where otherwise noted)

13. SHARE CAPITAL (cont.)

The number of Class A Common shares and Class B Variable Voting shares in the table above is based on information available to the Company as at March 31, 2025.

In addition, the Company has 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 March 31, 2025 and December 31, 2024. The voting rights of the Special Voting Shares and the Golden Share are more fully described in the Company's Annual Report filed on Form 20-F for the year ended December 31, 2024 that can be obtained on the SEC's website at *https://www.sec.gov* and on the SEDAR+ at *https://www.sedarplus.ca.*

During the three months ended March 31, 2025, 443,485 Restricted Share Units ("RSUs") were settled for 223,671 Telesat Public Shares, on a net settlement basis (Three months ended March 31, 2024 — 285,985 RSUs were settled for 131,084 Telesat Public Shares, on a net settlement basis).

During the three months ended March 31, 2025, 93,454 Performance Share Units ("PSUs") were settled for 46,360 Telesat Public Shares. There were no settlements of PSUs in the three months ended March 31, 2024.

During the three months ended March 31, 2024, 12,434 Deferred Share Units ("DSUs") were settled for an equal number of Telesat Public Shares. There were no settlements of DSUs in the three months ended March 31, 2025.

During the three months ended March 31, 2025, 12,500 Telesat Public Shares were issued in exchange for an equal number of Class A Limited Partnership units ("LP Units") in Telesat Partnership LP (the "Partnership"). There were no settlements of exchanges of LP Units for Telesat Public Shares in the three months ended March 31, 2024.

The number and stated value of the outstanding LP Units of the Partnership as at March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025		December 31, 2024	
	Number of shares	Stated value	Number of shares	Stated value
Class A and Class B LP Units	18,309,292	$ 50,107	18,321,792	$ 50,141
Class C LP Units	18,098,362	38,893	18,098,362	38,893
	36,407,654	$ 89,000	36,420,154	$ 89,034

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

14. NON-CONTROLLING INTEREST

Non-controlling interests represent equity interests in the Partnership that are not attributable to the Company. As at March 31, 2025, the Corporation held a general partnership interest representing approximately 28% economic interest in the Partnership (December 31, 2024 — approximately 28%). The remaining 72% economic interest represents exchangeable units held by the limited partnership unit holders (December 31, 2024 — 72%).

Net income (loss) attributable to non-controlling interests represents the non-controlling interests' portion of the Partnership's net income (loss).

15. SHARE-BASED COMPENSATION PLANS

On November 19, 2021, Telesat Corporation adopted an omnibus long-term incentive plan ("Omnibus Plan"). The Omnibus Plan allows for a variety of equity-based awards including stock options, RSUs, DSUs and PSUs. The stock options, RSUs, DSUs and PSUs are collectively referred to as "Award". Each Award will represent the right to receive Public Shares or, in the case of PSUs, RSUs or DSUs, Public Shares or cash, in accordance with the terms of the Omnibus Plan.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

15. SHARE-BASED COMPENSATION PLANS (cont.)

Telesat Holdings Inc. (the predecessor entity to Telesat Canada and Telesat Corporation) adopted a management stock incentive plan in September 2008, as amended (the "2008 Telesat Plan") and a second management stock incentive plan in April 2013, as amended (the "2013 Telesat Plan"). In the first half of 2021, Telesat Canada also adopted a restricted share unit plan (the "RSU Plan" together with the 2008 Telesat Plan and 2013 Telesat Plan, the "Historic Plan").

The changes in number of time vesting stock options outstanding and their weighted average exercise price under the Omnibus Plan and Historic Plan have been summarized below:

	Historic plan		Omnibus Plan	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, January 1, 2025	52,628	$ 70.83	773,178	$ 13.35
Forfeited	—		(15,684)	
Outstanding March 31, 2025	52,628	$ 70.83	757,494	$ 13.38

The movement under the Historic Plan was as follows:

	RSUs with time and performance criteria
Outstanding, January 1, 2025	124,080
Forfeited	—
Outstanding, March 31, 2025	124,080

The movement under the Omnibus Plan was as follows:

	RSUs with time criteria	PSUs with time and performance criteria	DSUs
Outstanding, January 1, 2025	964,705	555,162	189,434
Granted	—	—	10,999
Settled	(443,485)	(93,454)	—
Forfeited	(41,785)	(31,437)	—
Outstanding, March 31, 2025	479,435	430,271	200,433

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income (loss) for the period attributable to shareholders of each class of shares by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated to give effect to equity Awards.

The following table presents reconciliations of the numerators of the basic and diluted per share computations:

Three months ended March 31	2025	2024
Net income (loss) attributable to Telesat Common Shares	$ (15,538)	$ (14,762)
Effect of diluted securities	—	—
Diluted net income (loss) attributable to Telesat Common Shares	$ (15,538)	$ (14,762)

(all amounts in thousands of Canadian dollars, except where otherwise noted)

16. EARNINGS PER SHARE (cont.)

The following table presents reconciliations of the denominators of the basic and diluted per share computations:

Three months ended March 31	2025	2024
Basic total weighted average number of Telesat Common Shares outstanding	14,381,205	13,706,546
Effect of diluted securities		
Stock options	—	—
RSUs, DSUs and PSUs	—	—
Diluted total weighted average number of Telesat Common Shares outstanding	14,381,205	13,706,546

Effect of diluted securities represents Telesat Public Shares and Class C Shares assumed to be issued for no consideration. The difference between the number of Telesat Public Shares and Class C Shares assumed issued on exercise and the number of Telesat Public Shares and Class C Shares assumed repurchased are treated as an issue of common shares for no consideration.

For the purpose of earnings per share, all of the Telesat Public Shares and Class C Shares have equivalent economic rights.

17. GOVERNMENT GRANT

In May 2019, Telesat entered into an agreement for a non-refundable government contribution of a value up to $85 million relating to the Telesat Lightspeed constellation.

For the three months ended March 31, 2025, the Company recorded no claims made against the government grant (three-months ended March 31, 2024 — $2.6 million).

Of the amount recorded during the three months ended March 31, 2024, $0.3 million was recorded as a reduction to satellites, property and other equipment and $2.3 million was recorded as a reduction to operating expenses.

18. CAPITAL DISCLOSURES

The Company's financial strategy is designed to maintain compliance with the financial covenant under its Telesat Canada Debt and Telesat Lightspeed Financing and to maximize returns to its shareholders and other stakeholders. The Company meets these objectives through regular monitoring of the financial covenant and operating results on a quarterly basis.

The Company defines its capital as Telesat Corporation's shareholders' equity (comprising issued share capital, accumulated earnings and excluding reserves), non-controlling interest and debt financing (comprising indebtedness and excluding deferred financing costs, prepayment options, warrants and loss on repayment as defined in Note 12).

The Company's capital was as follows:

As at	March 31, 2025	December 31, 2024
Shareholders' equity (excluding reserves)	$ 522,663	$ 526,415
Non-controlling interest	$ 1,734,856	$ 1,786,425
Debt financing (excluding deferred financing costs, prepayment options, warrants and loss on repayment)	$ 3,441,745	$ 3,098,058

The Company's operating results are tracked against budget and this analysis is reviewed by senior management.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

19. FINANCIAL INSTRUMENTS

Measurement of Risks

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at March 31, 2025.

Credit risk

Credit risk is the risk that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. As at March 31, 2025, the maximum exposure to credit risk is equal to the carrying value of the financial assets which totaled $873.3 million (December 31, 2024 — $721.3 million).

The following table provides breakdown by maturity of financial assets as at March 31, 2025:

		Contractual cash flows					
	Carrying amount	Remaining 2025	2026	2027	2028	2029	Thereafter
Cash and cash equivalents	$ 797,371	$ 797,371	$ —	$ —	$ —	$ —	$ —
Trade and other receivables, excluding deferred receivables	57,904	57,904	—	—	—	—	—
Deferred receivables	16,287	3,456	9,589	741	617	555	1,329
Other financial assets	1,751	685	—	—	—	—	1,066
	$ 873,313	$ 859,416	$ 9,589	$ 741	$ 617	$ 555	$ 2,395

Cash and cash equivalents are invested with high quality investment grade financial institutions and are governed by the Company's corporate investment policy, which aims to reduce credit risk by restricting investments to high-grade, mainly U.S. dollar and Canadian dollar denominated investments.

The Company has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks related to trade accounts receivable. The Company's standard payment terms are 30 days with interest typically charged on balances remaining unpaid at the end of standard payment terms. The Company's historical experience with customer defaults has been minimal. As at March 31, 2025, North American and International customers made up 65% and 35% of the outstanding trade receivable balance, respectively (December 31, 2024 — 48% and 52%, respectively). Anticipated bad debt losses have been provided for in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2025 was $9.0 million (December 31, 2024 — $8.9 million).

The Company mitigates the credit risk associated with derivative instruments by entering into them with only high-quality financial institutions.

Foreign exchange risk

The Company's 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 Company's main currency exposures lie in its U.S. dollar denominated cash and cash equivalents, trade and other receivables, trade and other payables and indebtedness with the most significant impact being on the U.S. dollar denominated indebtedness, cash and short-term investments. As at March 31, 2025, a portion of the indebtedness was denominated in U.S. dollars, with the Canadian dollar equivalent of the U.S. dollar denominated indebtedness equaling $3,098.7 million, before netting of deferred financing costs, prepayment options and loss on repayment. As at December 31, 2024, the entire indebtedness was denominated in U.S. dollars, with the Canadian dollar equivalent of the U.S. dollar denominated indebtedness equaling $3,098.1 million, before netting of deferred financing costs, prepayment options and loss on repayment.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

19. FINANCIAL INSTRUMENTS (cont.)

In addition, there is also an impact as a result of the exchange rate variations to the extent that transactions are denominated in Canadian dollars in entities who have a functional currency other than Canadian dollars with the most significant impact being on the Telesat Lightspeed Warrant derivative liabilities and Telesat Lightspeed Financing indebtedness. As at March 31, 2025, the derivative liabilities and indebtedness had balances of $650.5 million and $343.0 million, respectively (December 31, 2024 — $617.1 million and $Nil, respectively).

As at March 31, 2025, the impact of a 5 percent increase (decrease) in the value of the U.S. dollar against the Canadian dollar on financial assets and liabilities would have decreased (increased) net income (loss) by $192.7 million (December 31, 2024 — $185.0 million) and increased (decreased) other comprehensive income (loss) by $22.5 million (December 31, 2024 — $13.4 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and its indebtedness. The interest rate risk on the indebtedness is from a portion of the indebtedness having a variable interest rate. Changes in the interest rates could impact the amount of interest that the Company is required to pay or receive.

If the interest rates on the variable rate indebtedness change by 0.25%, the result would be an increase or decrease to net income (loss) of $1.3 million for three months ended March 31, 2025 (three months ended March 31, 2024 — $1.2 million).

Liquidity risk

The Company maintains credit facilities to ensure it has sufficient funds available to meet current and foreseeable financial requirements.

The contractual maturities of financial liabilities as at March 31, 2025 were as follows:

	Carrying amount	Contractual cash flows (undiscounted)	Remaining 2025	2026	2027	2028	2029	Thereafter
Trade and other payables	$ 92,664	$ 92,664	$ 92,664	$ —	$ —	$ —	$ —	$ —
Customer and other deposits	1,402	1,402	606	492	—	—	—	304
Satellite performance incentive payments	15,143	18,146	3,314	3,602	2,752	2,630	2,630	3,218
Derivative liabilities	650,493	650,493	—	—	—	—	—	650,493
Other financial liabilities	2,526	2,526	2,526	—	—	—	—	—
Indebtedness(1)	3,478,773	7,509,462	222,221	2,656,350	670,593	228,856	500,790	3,230,652
	$ 4,241,001	$ 8,274,693	$ 321,331	$ 2,660,444	$ 673,345	$ 231,486	$ 503,420	$ 3,884,667

(1) Indebtedness excludes deferred financing costs, prepayment options, warrants and loss on repayment. The contractual cash flows for Telesat Lightspeed Financing include anticipated future drawings and mandatory repayments against the loan.

The interest payable and interest payments included in the carrying value and contractual cash flows, respectively, in the above table, were as follows:

	Interest payable	Interest payments
Satellite performance incentive payments	$ 271	$ 3,274
Indebtedness	$ 37,028	$ 1,452,101

(all amounts in thousands of Canadian dollars, except where otherwise noted)

19. FINANCIAL INSTRUMENTS (cont.)

Financial assets and liabilities recorded on the balance sheets and the fair value hierarchy levels used to calculate those values were as follows:

As at March 31, 2025	Amortized cost	Fair value through profit or loss	Fair value	Fair value hierarchy
Cash and cash equivalents	$ 797,371	$ —	$ 797,371	Level 1
Trade and other receivables	62,304	—	62,304	(1)
Other current financial assets	685	—	685	Level 1
Other long-term financial assets	12,953	—	12,953	Level 1
Trade and other payables	(92,664)	—	(92,664)	(1)
Other current financial liabilities	(43,419)	—	(43,579)	Level 2
Other long-term financial liabilities	(12,680)	(650,493)	(662,870)	Level 2, Level 3
Indebtedness(2)	(3,441,745)	—	(1,999,699)	Level 2
	$ (2,717,195)	$ (650,493)	$ (1,925,499)	

As at December 31, 2024	Amortized cost	Fair value through profit or loss	Fair value	Fair value hierarchy
Cash and cash equivalents	$ 552,064	$ —	$ 552,064	Level 1
Trade and other receivables	158,930	—	158,930	(1)
Other current financial assets	565	—	565	Level 1
Other long-term financial assets	9,767	—	9,767	Level 1
Trade and other payables	(158,276)	—	(158,276)	(1)
Other current financial liabilities	(26,483)	—	(26,272)	Level 2
Other long-term financial liabilities	(13,421)	(617,135)	(630,962)	Level 2, Level 3
Indebtedness(2)	(3,098,058)	—	(1,688,023)	Level 2
	$ (2,574,912)	$ (617,135)	$ (1,782,207)	

(1) Trade and other receivables and trade and other payables approximate fair value due to the short-term maturity of these instruments.
(2) Indebtedness excludes deferred financing costs, prepayment options, warrants and loss on repayment.

Assets pledged as security

The Senior Secured Credit Facilities, Senior Secured Notes and 2026 Senior Secured Notes are secured by substantially all of Telesat's assets excluding the assets of unrestricted subsidiaries.

The Telesat Lightspeed Financing is secured by substantially all of the assets of the unrestricted subsidiaries of Telesat.

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, the Company determines 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.

(all amounts in thousands of Canadian dollars, except where otherwise noted)

19. FINANCIAL INSTRUMENTS (cont.)

The fair value hierarchy is as follows:

Level 1 is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially all of the full term of the assets or liabilities.

Level 3 is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Estimates of fair values 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 these financial instruments are not reflected in the fair values. As a result, the fair values are not necessarily the net amounts that would be realized if these instruments were actually settled.

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair value due to the short-term maturity of these instruments. As at March 31, 2025, cash and cash equivalents included \$33.3 million (December 31, 2024 — \$13.3 million) of short-term investments.

The fair value of the satellite performance incentive payments, included in other current and long-term financial liabilities, was determined using a discounted cash flow methodology. The calculation is performed on a recurring basis. As at March 31, 2025 and December 31, 2024, the discount rate used was 7.2% and 7.3%, respectively.

The fair value of the indebtedness was based on transactions and quotations from third parties considering market interest rates and excluding deferred financing costs, prepayment options and loss on repayment. The calculation of the fair value of the indebtedness is performed on a recurring basis. The rates used, which are a percentage of face value of the indebtedness, were as follows:

	March 31, 2025	December 31, 2024
Term Loan B – U.S. Facility – Senior Secured Credit Facilities	57.00%	55.88%
Senior Unsecured Notes	45.23%	40.66%
Senior Secured Notes	57.14%	56.10%
2026 Senior Secured Notes	59.99%	56.72%

The rate used in the calculation of the fair value of the Telesat Lightspeed Financing, which is a percentage of face value of the indebtedness, was 74.65%. The fair value of the Telesat Lightspeed Financing excludes deferred financing costs and warrants.

Fair value of derivative financial instruments

Derivatives were valued using a discounted cash flow methodology. The calculations of the fair value of the derivatives are performed on a recurring basis.

Prepayment option cash flows were calculated with a third party option valuation model which is based on the current price of the debt instrument and discounted based on a discount curve.

The discount rates used to discount cash flows as at March 31, 2025 ranged from 4.05% to 4.62% (December 31, 2024 — 4.37% to 4.63%).

(all amounts in thousands of Canadian dollars, except where otherwise noted)

19. FINANCIAL INSTRUMENTS (cont.)

Telesat Lightspeed Financing Warrants were valued based upon an option pricing framework, incorporating an American-style exercise option, which allows for early exercise before expiry. In determining the unobservable inputs, the company uses observable market inputs such as industry reports, interest rate yield curves, current rates and price and rate volatilities, as applicable, to develop assumptions regarding those unobservable inputs.

For the three-months ended March 31, 2025, the value of the Telesat Financing Warrants was as follows:

	Government of Canada	Government of Quebec	Total
As at December 31, 2024	$ 519,948	$ 97,187	$ 617,135
Change in fair value	28,150	5,262	33,412
Impact of foreign exchange	(45)	(9)	(54)
As at March 31, 2025	$ 548,053	$ 102,440	$ 650,493

20. EMPLOYEE BENEFIT PLANS

The expenses included on the condensed consolidated statements of income (loss) were as follows:

	Pension Plans			Other Post-employment Benefit Plans		
Three months ended March 31, 2025	**Canadian**	**US**	**Total**	**Canadian**	**US**	**Total**
Consolidated statements of income (loss)						
Operating expenses	$ 1,061	$ 138	$ 1,199	$ 167	$ —	$ 167
Interest (income) expense	$ (618)	$ 36	$ (582)	$ 263	$ 54	$ 317

	Pension Plans			Other Post-employment Benefit Plans		
Three months ended March 31, 2024	**Canadian**	**US**	**Total**	**Canadian**	**US**	**Total**
Consolidated statements of income (loss)						
Operating expenses	$ 1,087	$ 175	$ 1,262	$ 147	$ —	$ 147
Interest (income) expense	$ (421)	$ 100	$ (321)	$ 235	$ 46	$ 281

No amounts were recorded on the statements of comprehensive income (loss) for the three months ended March 31, 2024 or 2023.

The balance sheet obligations, distributed between pension and other post-employment benefits were as follows:

	Pension Plans			Other Post-employment Benefit Plans		
As at March 31, 2025	**Canadian**	**US**	**Total**	**Canadian**	**US**	**Total**
Included in other long-term liabilities	$ 41,967	$ 2,918	$ 44,885	$ 22,644	$ 3,513	$ 26,157
Included in other long-term assets	$ 99,621	$ —	$ 99,621	$ —	$ —	$ —

	Pension Plans			Other Post-employment Benefit Plans		
As at December 31, 2024	**Canadian**	**US**	**Total**	**Canadian**	**US**	**Total**
Included in other long-term liabilities	$ 41,540	$ 2,993	$ 44,533	$ 22,394	$ 3,547	$ 25,941
Included in other long-term assets	$ 99,554	$ —	$ 99,554	$ —	$ —	$ —

(all amounts in thousands of Canadian dollars, except where otherwise noted)

21. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents were comprised of the following:

As at March 31,	2025	2024
Cash	$ 764,098	$ 1,683,347
Short-term investments[1]	33,273	72,952
Cash and cash equivalents	$ 797,371	$ 1,756,299

(1) Consisted of short-term investments with an original maturity of three months or less or which are available on demand with no penalty for early redemption.

Income taxes paid, net of income taxes received was comprised of the following:

Three months ended March 31,	2025	2024
Income taxes paid	$ (1,580)	$ (18,384)
Income taxes received	—	6,888
	$ (1,580)	$ (11,496)

Interest paid, net of interest received was comprised of the following:

Three months ended March 31,	2025	2024
Interest paid	$ (36,708)	$ (40,344)
Interest received	5,358	22,197
	$ (31,350)	$ (18,147)

The reconciliation of the liabilities arising from financing activities were as follows:

	Indebtedness	Satellite performance incentive payments	Lease liabilities
Balance as at January 1, 2025	$ 3,096,615	$ 15,060	$ 33,375
Cash inflows	340,000	—	—
Cash outflows	—	(190)	(515)
Amortization of deferred financing costs, prepayment options, warrants and loss on repayment	727	—	—
Interest paid	—	—	(446)
Interest accrued	3,076	—	446
Non-cash transfer from deferred charges to indebtedness of debt issue costs and warrants	(85,943)	—	—
Non-cash addition	—	—	4,215
Impact of foreign exchange	(1,267)	2	(82)
Balance as at March 31, 2025	$ 3,353,208	$ 14,872	$ 36,993

(all amounts in thousands of Canadian dollars, except where otherwise noted)

21. SUPPLEMENTAL CASH FLOW INFORMATION (cont.)

	Indebtedness	Satellite performance incentive payments	Lease liabilities
Balance as at January 1, 2024	$ 3,197,019	$ 18,271	$ 33,339
Cash outflows	—	(711)	(647)
Amortization of deferred financing costs, prepayment options and loss on repayment	246	—	—
Interest paid	—	—	(370)
Interest accrued	—	—	370
Non-cash addition	—	—	297
Impact of foreign exchange	71,749	403	121
Balance as at March 31, 2024	$ 3,269,014	$ 17,963	$ 33,110

The net change in operating assets and liabilities was comprised of the following:

Three months ended March 31,	2025	2024
Trade and other receivables	$ 98,059	$ 12,392
Financial assets	(3,305)	25
Other assets	(3,346)	(968)
Trade and other payables	(1,573)	5
Financial liabilities	325	123
Other liabilities	28,612	(4,624)
	$ 118,772	$ 6,953

Non-cash investing activities were comprised of:

Three months ended March 31,	2025	2024
Satellites, property and other equipment	$ 52,309	$ 13,028

22. COMMITMENTS AND CONTINGENT LIABILITIES

The following were the Company's off-balance sheet contractual obligations as at March 31, 2025:

	Remaining 2025	2026	2027	2028	2029	Thereafter	Total
Property leases	$ 1,378	$ 1,312	$ 1,209	$ 1,209	$ 1,209	$ 12,898	$ 19,215
Capital commitments	677,368	5,755	6,474	—	—	—	689,597
Other operating commitments	20,445	11,448	9,359	20,518	19,147	52,966	133,883
	$ 699,191	$ 18,515	$ 17,042	$ 21,727	$ 20,356	$ 65,864	$ 842,695

Property leases consisted of off-balance sheet contractual obligations for land or building usage, while capital commitments included commitments for capital projects. Other operating commitments consisted of third-party satellite capacity arrangements as well as other commitments that are not categorized as property leases or capital commitments. The Company's off-balance sheet obligations included the future minimum payments for the non-cancellable period of each respective obligation, which have various terms and expire between 2025 to 2045.

Certain variable costs associated with the capitalized leases have been included in property leases commitments with a termination date co-terminus with the lease liability.

22. COMMITMENTS AND CONTINGENT LIABILITIES (cont.)

The Company has entered into contracts for the development of the Telesat Lightspeed constellation and other capital expenditures. The outstanding commitments as at March 31, 2025 were included in capital commitments.

The Company has agreements with various customers for prepaid revenue on several service agreements which take effect when the satellite is placed in service. The Company is responsible for operating and controlling these satellites. As at March 31, 2025, customer prepayments of $233.3 million (December 31, 2024 — $243.0 million), a portion of which is refundable under certain circumstances, were reflected in other current and long-term liabilities.

In the normal course of business, the Company has executed agreements that provide for indemnification and guarantees to counterparties in various transactions. These indemnification undertakings and guarantees may require the Company to compensate the counterparties for costs and losses incurred as a result of certain events including, without limitation, loss or damage to property, change in the interpretation of laws and regulations (including tax legislation), claims that may arise while providing services, or as a result of litigation that may be suffered by the counterparties. The nature of substantially all of the indemnification undertakings prevents the Company from making a reasonable estimate of the maximum potential amount the Company could be required to pay counterparties as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant payments under such indemnifications.

Telesat Corporation and Telesat CanHold Corporation have entered into an indemnification agreement with Public Sector Pension Investment Board ("PSP Investments") where they will indemnify PSP Investments on a grossed-up basis for PSP Investment's pro rata share of the costs relating to: (a) certain losses and litigation proceedings related to the transaction to become a public company in 2021, (b) certain losses with regard to Loral Space & Communications Inc. ("Loral") and out-of-pocket expenses of Loral and (c) certain tax matters.

In the case of indemnification for certain tax matters only, there will be a cap of US$50 million (other than with respect to defense costs and grossed-up payments) and all other indemnification obligations will be uncapped.

Legal Proceedings

The Company participates from time to time in legal proceedings arising in the normal course of its business.

Telesat previously received assessments from Brazilian tax authorities alleging that additional taxes are owed on revenue earned for the period 2002 to 2021. The total disputed amount for the period 2002 to 2021, including interest and penalties, is now $103.5 million. The disputes relate to the Brazilian tax authorities' characterization of revenue. The Company has challenged the assessments. The Company believes the likelihood of a favorable outcome in these disputes is more likely than not and, as such, no reserve has been established.

Other than the legal proceedings disclosed above and in Note 34 of the Company's December 31, 2024 consolidated financial statements, the Company is not aware of any proceedings outstanding or threatened as of the date hereof by or against it or relating to its business which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

23. RELATED PARTY TRANSACTIONS

Transactions with subsidiaries

The Company and its subsidiaries regularly engage in inter-group transactions. These transactions include the purchase and sale of satellite services and communications equipment, providing and receiving network and call centre services, access to orbital slots and management services. The transactions have been entered into over the normal course of operations. Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and therefore have not been disclosed.

23. RELATED PARTY TRANSACTIONS (cont.)

Compensation of executives and Board level directors

Compensation of the Company's executives consists of short-term benefits (including salaries), post-employment benefits and share-based compensation. Compensation of the Company's Board level directors consists of cash and share-based compensation. The transactions have been entered into with the Company in the normal course of operations.

Transactions with related parties

The Company and certain of its subsidiaries regularly engage in transactions with related parties. The Company's related parties included Red Isle Private Investments Inc. ("Red Isle") and MHR. There were no transactions or balances with Red Isle or MHR during any of the periods presented.

Other related party transactions

The Company funds certain defined benefit pension plans. Contributions made to the plans for the three months ended March 31, 2025 were $0.6 million (Three months ended March 31, 2024 — $0.6 million).