ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating results

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis (the "MD&A") for Telesat Corporation is dated March 26, 2025 and provides information concerning our financial condition and results of operations for the year ended December 31, 2024. You should read this MD&A together with Telesat Corporation's audited consolidated financial statements and the related notes for the year ended December 31, 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 audited 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.

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 March 26, 2025, unless otherwise noted.

This MD&A makes reference to certain non-IFRS Accounting Standards measures, namely, Adjusted EBITDA, Adjusted EBITDA margin and Consolidated EBITDA. These measures are not recognized measures under IFRS® Accounting Standards and do not have a standardized meaning prescribed by the IFRS Accounting Standards 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 Accounting Standards. Rather, these non-IFRS Accounting Standards 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 Accounting Standards measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS Accounting Standards measures in the evaluation of issuers. Our management also uses non-IFRS Accounting Standards 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 Accounting Standards measure to the most closely comparable IFRS Accounting Standards measure, see below under the heading "Non-IFRS Accounting Standards 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 which are described, but are not limited to, the risks listed below and in the section entitled "Risk Factors" included in Telesat's annual report on Form 20-F for the year ended December 31, 2024 (the "Annual Report"). 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." 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, including results of operations and variances between the year ended December 31, 2023 and 2022, can be obtained in our Annual Report on Form 20-F for the year ended December 31, 2023 filed on March 28, 2024, 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") entered into loan agreements with 16342451 Canada Inc., a subsidiary of Canada Development Investment Corporation, a Crown corporation established by the Government of Canada, and with Investissement Quebec, a corporation established by the Government of Quebec ("Telesat Lightspeed Financing"), thus securing the remaining funds required to deploy global service on the Telesat Lightspeed LEO broadband satellite constellation.

The Government of Canada loan is for $2.14 billion and will carry a floating interest rate that is 4.75% above the Canadian Overnight Repo Rate Average ("CORRA") with a 15-year maturity. Interest is payable in-kind during the Telesat Lightspeed construction period, followed by a 10-year sculpted amortization. Furthermore, the Government of Canada is receiving warrants for 10% of the common shares of Telesat LEO based upon an equity valuation for Telesat LEO of US$3 billion. The Government of Quebec loan is for $400 million and has terms that largely mirror the Government of Canada loan but with warrants for 1.87%, in proportion to the smaller loan amount (together with the warrants issued to the Government of Canada, the "Telesat Lightspeed Financing Warrants").

The Telesat Lightspeed Financing is secured by substantially all of the assets in our unrestricted subsidiaries. As at November 15, 2024, Telesat met the closing conditions precedent to a drawdown of Telesat Lightspeed Financing and the first request for advance against the Telesat Lightspeed Financing was made on December 13, 2024 in the amounts of $160.1 million and $29.9 million from the Government of Canada and Government of Quebec, respectively, with the funds being received in January 2025.

The second request for advance against the Telesat Lightspeed Financing for $150.0 million was made on March 10, 2025 with the funds expected to be received in April 2025. The request for advance was split between $126.4 million from the Government of Canada and $23.6 million from the Government of Quebec.

We have increased our workforce by approximately 24% in the last 12 months with capital expenditures of $1.2 billion. We plan to launch the first Telesat Lightspeed satellites in mid-2026.

Repurchase of Notes

During the year ended December 31, 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$262.0 million in exchange for US$114.0 million, resulting in a gain on repurchase of debt of US$148.0 million ($202.5 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 December 31, 2024, we provided satellite services to customers from our fleet of 14 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.

In September 2024, Telesat LEO completed the Telesat Lightspeed Financing with the Government of Canada and Government of Quebec for loans of $2.14 billion and $400 million, respectively, for the Telesat Lightspeed constellation. See "— Debt — Telesat Lightspeed Financing — Senior Secured Term Loan Facilities", below.

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 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 continue to increase.

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 which matured 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"). The Senior Secured Credit Facilities, Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes are collectively known as "Telesat Canada Debt".

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.

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.

Leading into 2025, 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's net loss for the year ended December 31, 2024, was $302.5 million compared to net income of $583.3 million for the prior year. The unfavorable variation of $885.7 million was principally due to variation in foreign exchange gain (loss) on the conversion of U.S. dollar debt into Canadian dollars, recognition in 2023 of Phase II accelerated clearing payments for the repurposing of U.S. C-band spectrum, higher impairment recorded on our orbital slots and satellites, and a reduction of revenue, partially offset by lower depreciation on satellites due to the end of useful life for accounting purposes and lower income taxes.

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

	2024	2023	2022
US$ to $ spot rate as at December 31,	1.4384	1.3243	1.3554
US$ to $ average rate for the year ended December 31,	1.3700	1.3493	1.3017

Revenue

($ millions except percentages)	Years ended December 31, 2024	2023	% Increase (Decrease)
Broadcast	$ 274.4	$ 331.8	(17.3)%
Enterprise	267.8	359.7	(25.6)%
Consulting and other	28.9	12.6	129.4%
Revenue	$ 571.0	$ 704.2	(18.9)%

Total revenue for the year ended December 31, 2024, decreased by $133.1 million to $571.0 million compared to $704.2 million for the prior year.

Revenue from Broadcast services decreased by $57.4 million for the year ended December 31, 2024, when compared to the prior year. The changes were attributable to a decrease in GEO revenue, due to a reduction of services to, lower rate on the renewal of long-term agreements with, and the termination of certain services by, our North American DTH customers.

Revenue from Enterprise services decreased by $92.0 million for the year ended December 31, 2024, when compared to the prior year. The changes were attributable to a decrease in GEO revenue, primarily due to lower revenue from aero and maritime markets, Latin American customers, and the Canadian and United States governments.

Consulting and other revenue increased by $16.3 million for the year ended December 31, 2024, when compared to the prior year. The increase was was attributable primarily to LEO consulting revenue related to services provided to NASA Goddard Space Flight Center.

Expenses

($ millions except percentages)	Years ended December 31, 2024	2023	% Increase (Decrease)
Depreciation	$ 127.3	$ 182.7	(30.3)%
Amortization	11.3	13.1	(13.4)%
Operating expenses	207.8	204.6	1.6%
Other operating (gains), net	264.9	(265.0)	(200.0)%
Total expenses	$ 611.3	$ 135.3	351.8%

Depreciation

Depreciation of satellites, property and other equipment decreased by $55.4 million for the year ended December 31, 2024, when compared to 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, our Telstar 11N satellite at the end of the first quarter in 2024 and our Nimiq 5 satellite at the end of the third quarter of 2024.

Amortization

Amortization of intangible assets decreased by $1.8 million for the year ended December 31, 2024, when compared to the prior year. The decrease was primarily related to the end of useful life, for accounting purposes, of certain revenue backlog and transponder rights.

Operating Expenses

	Years ended December 31,		% Increase
($ millions except percentages)	**2024**	**2023**	**(Decrease)**
Compensation and employee benefits	$ 110.3	$ 117.9	(6.4)%
Other operating expenses	59.5	48.1	23.6%
Cost of sales	38.0	38.5	(1.4)%
Operating expenses	$ 207.8	$ 204.6	(1.6)%

Total operating expenses increased by $3.2 million for the year ended December 31, 2024, when compared to the prior year.

Compensation and employee benefits decreased by $7.6 million for the year ended December 31, 2024, in comparison to the prior year. The decrease was primarily due to higher capitalized engineering relating to LEO and lower non-cash share-based compensation. This was partly offset by higher wages and benefits in LEO associated with increased hiring and higher bonuses.

Other operating expenses increased by $11.3 million for the year ended December 31, 2024, in comparison to the prior year. The increases 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, which went through a restructuring during 2024.

Cost of sales decreased by $0.5 million for the year ended December 31, 2024, when compared to the prior year. The decrease was primarily due to lower GEO equipment sales to Canadian Government and other customers, partially offset by higher consulting costs associated with the LEO consulting services provided to the NASA Goddard Space Flight Center.

Other Operating (Gains) Losses, Net

	Years ended December 31,	
($ millions except percentages)	**2024**	**2023**
C-band clearing income	$ —	$ 344.9
Impairment	(267.0)	(79.7)
Gain on disposal of subsidiaries	2.6	—
Other	(0.5)	(0.2)
Other operating gains (losses), net	$ (264.9)	$ 265.0

Other operating (gains) losses, net for the year ended December 31, 2024 primarily related to the impairment on certain orbital slots and the Telstar 18 VANTAGE and Telstar 19 VANTAGE satellites.

Other operating (gains) losses, net for the year ended December 31, 2023 primarily related to the recognition of Phase II accelerated clearing payments for the repurposing of U.S. C-band spectrum, partially offset by impairment on certain orbital slots and Telstar 19 VANTAGE.

Interest Expense

($ millions except percentages)	Years ended December 31, 2024	2023	% Increase (Decrease)
Debt service costs	$ 227.4	$ 252.3	(9.8)%
Interest expense on significant financing component	13.8	15.7	(12.0)%
Interest expense on satellite performance incentive payments	1.1	1.5	(21.9)%
Interest expense on employee benefit plans	(0.2)	(0.6)	(75.3)%
Interest expense on leases	1.5	1.5	(0.3)%
Interest expense	$ 243.8	$ 270.4	(9.8)%

Interest expense included interest related to our Telesat Canada Debt, as well as interest related to our derivative instruments, 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 and derivative instruments, decreased by $24.8 million for the year ended December 31, 2024, when compared to the prior year. The decreases in interest expense were primarily due to the impact of the repurchases of a portion of our Telesat Canada Debt. This was partially offset by an increase in interest rates on the U.S. TLB Facility and the impact of a stronger U.S. dollar.

Interest expense on significant financing component decreased by $1.9 million for the year ended December 31, 2024, when compared to 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 $0.3 million for the year ended December 31, 2024, when compared to the prior year, primarily due to declining balances of satellite performance incentive liabilities.

Interest expense on employee benefit plans increased by $0.5 million for the year ended December 31, 2024, when compared to 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 year ended December 31, 2024, when compared to the prior year.

Gain on Repurchase of Debt

($ millions)	Years ended December 31, 2024	2023
Gain on repurchase of debt	$ 202.5	$ 230.1

The gain on repurchase of debt for the year ended December 31, 2024 resulted from our repurchases of: 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); 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); 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); and a portion of the U.S. TLB Facility with a principal amount of $137.9 million (US$101.2 million) in exchange for $69.1 million (US$50.7 million).

The gain on repurchase of debt for the year ended December 31, 2023 resulted from our repurchases of: Senior Unsecured Notes with a principal amount of $128.9 million (US$95.0 million) in exchange for $53.7 million (US$39.5 million); Senior Secured Notes with a principal amount of $133.6 million (US$100.0 million) in exchange for $77.0 million (US$57.6 million); 2026 Senior Secured Notes with a principal amount of $134.5 million (US$101.0 million) in exchange for $79.6 million (US$59.7 million); and a portion of the U.S. TLB Facility with a principal amount of $177.6 million (US$131.0 million) in exchange for $133.8 million (US$98.8 million).

Interest and Other Income

($ millions)	Years ended December 31, 2024	2023
Interest and other income	$ 23.3	$ 66.5

Interest and other income decreased by $43.2 million for the year ended December 31, 2024, when compared to the prior year. The decrease was principally due to the write-off of certain transaction costs associated with the issuance of the Telesat Lightspeed Financing agreements.

Foreign Exchange

	Years ended December 31,	
($ millions)	**2024**	**2023**
Gain (loss) on changes in fair value of financial instruments	$ (12.8)	$ —
Gain (loss) on foreign exchange	$ (244.5)	$ 77.8

The foreign exchange loss for the year ended December 31, 2024 was $244.5 million compared to a foreign exchange gain of $77.8 million for 2023 resulting in an unfavorable change of $322.3 million.

The loss for the year ended December 31, 2024 was mainly the result of a stronger U.S. dollar to Canadian dollar spot rate as at December 31, 2024 ($1.4384), 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 Telesat Canada Debt.

The gain for the year ended December 31, 2023 was mainly the result of a weaker U.S. dollar to Canadian dollar spot rate as at December 31, 2023 ($1.3243), compared to the spot rate as at December 31, 2022 ($1.3554), and the resulting favorable impact on the translation of our U.S. dollar denominated Telesat Canada Debt.

The loss on changes in fair value of financial instruments for the year ended December 31, 2024 was $12.8 million related to the changes in the fair value of the Telesat Lightspeed Financing warrants from November 15, 2024 to December 31, 2024.

Income Taxes

	Years ended December 31,	
($ millions)	**2024**	**2023**
Current tax expense (recovery)	$ 50.9	$ 75.8
Deferred tax expense (recovery)	(64.0)	13.8
Tax expense (recovery)	$ (13.0)	$ 89.6

The tax expense (recovery) for the year ended December 31, 2024, was $102.6 million lower than the prior year. The decrease was primarily due to a decrease in operating income and foreign exchange losses.

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. As at December 31, 2024, our contracted backlog was approximately $1.1 billion (excluding commitments associated with Telesat Lightspeed). 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. For the last three years, we have had, on average, approximately 79.0% of each year's total revenue already under contract at the beginning of the year.

Generally, following the successful launch of a 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 anticipated, 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 and short-term investments.

We expect our backlog as at December 31, 2024 to be recognized as follows:

($ millions)	**2025**	**2026**	**2027**	**2028**	**2029**	**Thereafter**
Backlog	$ 359.5	$ 234.2	$ 163.1	$ 98.2	$ 78.6	$ 184.0

LIQUIDITY AND CAPITAL RESOURCES

Cash and Available Credit

As at December 31, 2024, we had $552.1 million of cash and short-term investments, including $341.4 million held in unrestricted subsidiaries. To finance the LEO constellation, we also have in aggregate $2.54 billion of Telesat Lightspeed Financing available to draw, subject to certain conditions. The first request for advance for $190 million was made on December 13, 2024 with the funds received in January 2025.

Cash Flows generated from Operating Activities

Cash generated from operating activities for the year ended December 31, 2024 was $62.5 million, a $107.6 million decrease compared to the prior year. The decrease was primarily due to the decline in revenue, partially offset by a decrease in interest paid, primarily due to the impact of the repurchases of Telesat Canada Debt.

Cash Flows used in Investing Activities

Cash used in investing activities for the year ended December 31, 2024 was $1,091.6 million. This consisted primarily of payments associated with the Telesat Lightspeed constellation, partially offset by a government grant received.

Cash generated from investing activities for the year ended December 31, 2023 was $212.0 million. This consisted of proceeds received from the Phase II accelerated clearing payments for the repurposing of C-band spectrum of $351.4 million. This cash inflow was partially offset by payments associated with the Telesat Lightspeed constellation and the acquired Anik F4 satellite.

Cash Flows used in Financing Activities

Cash used in financing activities for the year ended December 31, 2024 was $170.2 million. This consisted primarily of the repurchase of a portion of our Telesat Canada Debt.

Cash used in financing activities for the year ended December 31, 2023 was $355.7 million. This was primarily due to the repurchase of a portion of our Telesat Canada Debt.

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 to date are summarized below:

	Years ended December 31,		
($ millions)	**2024**	**2023**	**2022**
Satellites, property and other equipment	$ 1,088.4	$ 106.9	$ 51.3
Intangible assets	—	16.4	—
Operating expenses	77.4	48.3	65.8
Total costs incurred	$ 1,165.8	$ 171.6	$ 117.1

Total research and development costs for Telesat Lightspeed for the year ended December 31, 2024 increased by $994.4 million, when compared to the prior year. The increase was primarily driven by an increase in activities in the Telesat Lightspeed program.

Total research and development costs for Telesat Lightspeed for the year ended December 31, 2023 increased by $54.4 million, when compared to the prior year. The increase was primarily driven by an increase in activities in the Telesat Lightspeed program.

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

($ millions)	Years ended December 31, 2024	2023	2022
Satellites, property and other equipment	$ 5.4	$ 15.0	$ 3.5
Operating expenses	8.0	4.5	5.2
Prepaid expenses	—	—	0.1
Total costs incurred	$ 13.4	$ 19.5	$ 8.8

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 December 31, 2024 and cash flows from operating activities 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 for our GEO business. Similarly, we believe our existing cash, cash flows from operating activities and drawings on our Telesat Lightspeed Financing will be adequate to cover the cost of the ongoing construction and global service deployment of the Telesat Lightspeed constellation for our LEO business.

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, including expansion of the 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; export credit agency financing, vendor financing; equity investments, including through the issuance of public equity; additional secured or unsecured debt financing; and government sources. We may also raise additional funding for expansion of the Telesat Lightspeed constellation through the issuance of additional equity of, or debt at, our unrestricted subsidiaries which own, and will operate and commercialize, the Telesat Lightspeed constellation.

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 building 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 intend to complete the deployment of 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 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"), which matured in December 2024, was a $200.0 million loan facility available in either U.S. dollar or Canadian dollar equivalent. The Revolving Facility was paid at maturity and there is no balance outstanding.

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.

Prior to May 9, 2023, 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 year ended December 31, 2024, we repurchased a portion of our U.S. TLB Facility with a principal amount of $137.9 million (US$101.2 million) in exchange for $69.1 million (US$50.7 million). The repurchases resulted in a gain on repurchase of debt of $68.8 million.

During the year ended December 31, 2023, we repurchased a portion of our U.S. TLB Facility with a principal amount of $177.6 million (US$131.0 million) in exchange for $133.8 million (US$98.8 million). The repurchases resulted in a gain on repurchase of debt of $43.8 million.

As at December 31, 2024, US$1,320.5 million of this facility was outstanding, which represents the full amount available.

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 June 2027. 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 year ended December 31, 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.

During the year ended December 31, 2023, we repurchased Senior Secured Notes with a principal amount of $133.6 million (US$100.0 million) in exchange for $77.0 million (US$57.6 million). The repurchases resulted in a gain on repurchase of debt of $56.7 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options.

As at December 31, 2024, US$225.0 million Senior Secured Notes were outstanding.

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. 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 year ended December 31, 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.

During the year ended December 31, 2023, we repurchased 2026 Senior Secured Notes with a principal amount of $134.5 million (US$101.0 million) in exchange for $79.6 million (US$59.7 million). The repurchases resulted in a gain on repurchase of debt of $55.0 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options.

As at December 31, 2024, US$387.0 million 2026 Senior Secured Notes were outstanding.

Our Senior Secured Notes and 2026 Senior Secured Notes are secured by substantially all of our assets, excluding the assets of our unrestricted subsidiaries.

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. 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 year ended December 31, 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.

During the year ended December 31, 2023, we repurchased Senior Unsecured Notes with a principal amount of $128.9 million (US$95.0 million) in exchange for $53.7 million (US$39.5 million). The repurchases resulted in a gain on repurchase of debt of $75.3 million. The repurchases also resulted in a write-off of the related debt issue costs and prepayment options.

As at December 31, 2024, US$221.3 million Senior Unsecured Notes were outstanding.

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 the Telesat Lightspeed Financing with the Government of Canada and 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.

The Telesat Lightspeed Financing carries a floating interest rate of 4.75% above the 3-month term CORRA on the outstanding drawn loan amount with a 15-year maturity. All interest accrued on the Telesat Lightspeed Financing 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 the full amount by the 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 Telesat LEO has excess cash flow. The Telesat Lightspeed Financing also provides a full or partial prepayment option to Telesat LEO.

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

As consideration for the Telesat Lightspeed Financing, Telesat LEO Inc., before the initial draw on the loan, on November 15, 2024, entered into the Telesat Lightspeed Financing Warrant with the Government of Canada and Government of Quebec which irrevocably granted the Telesat Lightspeed Financing Warrants equivalent to 11.87% of common shares in the capital of Telesat LEO Inc. on a fully diluted basis. The Telesat Lightspeed Financing Warrants are exercisable in whole or in part, at any time after the second anniversary of the date of their issuance 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 Inc.

On initial recognition, the Telesat Lightspeed Financing Warrants were recorded against other current and long-term assets with the derivative recorded against other current and long-term financial liabilities. The initial fair value impact, as at November 15, 2024, of the Telesat Lightspeed Financing Warrants was $604.3 million. As the drawdowns are made against the Telesat Lightspeed Financing, the proportional amount of the current and long-term assets are transferred to the debt issue costs against the long-term indebtedness. These balances are amortized to the statement of income (loss) using the effective interest method. The carrying amount against the indebtedness as of December 31, 2024 was $Nil.

Debt issue costs of $37.5 million were incurred in connection with the Telesat Lightspeed Financing. These balances are recorded against prepaid expenses and other current assets and long-term assets. As the drawdowns are made against the Telesat Lightspeed Financing, the proportional amount of the prepaid expenses and other current assets and long-term assets are transferred to the debt issue costs against the long-term indebtedness. The liability is subsequently amortized using the effective interest method. The carrying amount against the indebtedness as of December 31, 2024 was $Nil.

For the derivatives recorded against the current and long-term financial liabilities, the balances are marked to market at each reporting date thereafter in the statement of income (loss) as part of the gain (loss) on changes in fair value of financial instruments.

The Telesat Lightspeed Financing is secured by substantially all of the assets in our Unrestricted Subsidiaries. As at November 15, 2024, all conditions precedent to drawdown of the loans under the Telesat Lightspeed Financing have been met.

The first request for advance against the Telesat Lightspeed Financing for $190.0 million was made on December 13, 2024 with the funds received in January 2025. The request for advance was split between $160.1 million from the Government of Canada and $29.9 million from the Government of Quebec.

The second request for advance against the Telesat Lightspeed Financing for $150.0 million was made on March 10, 2025 with the funds expected to be received in April 2025. The request for advance was split between $126.4 million from the Government of Canada and $23.6 million from the Government of Quebec.

Covenant Compliance

As of the date hereof, we were in compliance with the financial covenants of our Telesat Canada Debt and the Telesat Lightspeed Financing.

Debt Service Cost

The interest expense on our Telesat Canada Debt, excluding the impact of the amortization of deferred financing costs, prepayment options and loss on repayment for the year ended December 31, 2024 was $226.6 million. There was no interest expense for the year ended December 31, 2024 tied to our 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 December 31, 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 December 31, 2024, the fair value of the embedded derivatives related to the prepayment option on our Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes was $Nil.

In addition, we also have embedded derivatives associated with the Telesat Lightspeed Financing with the Government of Canada and Government of Quebec. As part of the Telesat Lightspeed Financing, Telesat LEO issued the Telesat Lightspeed Financing Warrants representing 11.87% of its total shares on a fully diluted basis, with standard anti-dilution adjustments. The Telesat Lightspeed Financing Warrants can be exercised starting two years after issuance and have a ten-year term.

As at November 15, 2024, at inception, the fair value of the embedded derivatives with respect to the Telesat Lightspeed Financing Warrants were $604.3 million. As at December 31, 2024, the fair value of the embedded derivatives were $617.1 million.

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 or frameworks 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.

MATERIAL CASH REQUIREMENTS

A summary of the material cash requirements that are due in each of the next five years and after 2029 are summarized the table below:

($ millions)	2025	2026	2027	2028	2029	Thereafter	Total
Satellite performance incentive payments, including interest(1)	$ 3.5	$ 3.6	$ 2.8	$ 2.6	$ 2.6	$ 3.2	$ 18.4
Telesat Canada Debt(2)	$ —	$ 2,456.2	$ 641.9	$ —	$ —	$ —	$ 3,098.1
Interest on long-term indebtedness(2)	$ 212.7	$ 203.2	$ 28.6	$ —	$ —	$ —	$ 444.5
Lease liabilities(3)	$ 3.4	$ 3.5	$ 3.5	$ 3.5	$ 3.6	$ 28.6	$ 46.1
Property lease commitments(4)	$ 1.1	$ 1.1	$ 1.0	$ 1.0	$ 1.0	$ 9.6	$ 14.9
Commitments for capital expenditures(5)	$ 561.0	$ 5.8	$ 6.5	$ —	$ —	$ —	$ 573.2
Other operating commitments(6)	$ 16.5	$ 9.6	$ 8.8	$ 20.4	$ 19.0	$ 54.1	$ 128.5
Contributions to defined benefit plans(7)	$ 2.6	$ —	$ —	$ —	$ —	$ —	$ 2.6

(1) Satellite performance incentive payments are obligations payable to satellite manufacturers over the lives of certain satellites. Satellite performance incentive payments will be paid through the usage of cash and short-term investments or cash flows from operating activities.

(2) Balance relates to our Telesat Canada Debt and all corresponding interest thereon, excluding the impact of the amortization of deferred financing costs, loss on repayment and prepayment options. Over the next twelve months, the payments will be made through the usage of cash and short-term investments or cash flows from operating activities. The balance does not include any amount in respect of our Telesat Lightspeed Financing as no amount had been drawn as of December 31, 2024.

(3) Balance relates to payments to be made in connection with leases. Over the next twelve months, the payments will be made through the usage of cash and short-term investments or cash flows from operating activities, or funds available under Telesat Lightspeed Financing.

(4) Property lease commitments consists of off-balance sheet contractual obligations for land or building usage. Over the next twelve months, the payments will be made through the usage of cash and short-term investments, cash flows from operating activities, or funds available under Telesat Lightspeed Financing.

(5) We have entered into contracts for the development of our Telesat Lightspeed constellation and other capital expenditures. These expenditures may be funded from some or all of the following: cash and short-term investments, cash flow from operating activities, cash flow from customer prepayments or funds available under Telesat Lightspeed Financing.

(6) 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. Over the next twelve months, the payments will be made through the usage of cash and short-term investments, cash flows from operating activities or funds available under Telesat Lightspeed Financing.

(7) Over the next twelve months, contributions to the defined benefit pension plans will be made through the usage of cash and short-term investments and cash flows from operating activities. Certain contributions subsequent to 2025 are not quantifiable as they are largely dependent on the result of actuarial valuations that are performed periodically and on the investment performance of the pension fund assets.

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 year ended December 31, 2024, we recorded a mainly non-cash foreign exchange loss of approximately $244.5 million due to a stronger U.S. dollar to Canadian dollar spot rate ($1.4384) compared to December 31, 2023 ($1.3243).

For the year ended December 31, 2023, we recorded a mainly non-cash foreign exchange gain of approximately $77.8 million due to a weaker U.S. dollar to Canadian dollar spot rate ($1.3243) compared to December 31, 2022 ($1.3554).

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:

Years ended December 31,	**2024**	**2023**
Revenue	52.6%	52.3%
Operating expenses	45.0%	39.3%
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 December 31, 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 as at December 31, 2024 and (decreased) increased our net income for the year ended December 31, 2024 by $154.9 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 $20.4 million, increased (decreased) our net income by $5.5 million and increased (decreased) our other comprehensive income by $14.8 million as at and for the year ended December 31, 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 year ended December 31, 2024, as summarized in the table below:

($ millions)		
Revenue	$	15.0
Operating expenses	$	4.5
Interest on our indebtedness	$	11.4

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 year, which are net of our scheduled debt repayments, and based on the foreign exchange rate as at December 31, 2024.

($ millions, beginning of year)	2025	2026	2027
U.S. TLB Facility	$ 1,899.5	$ 1,899.5	$ —
Senior Unsecured Notes	318.2	318.2	318.2
Senior Secured Notes	323.6	323.6	323.6
2026 Senior Secured Notes	556.7	556.7	—
U.S. dollar denominated debt balances	$ 3,098.1	$ 3,098.1	$ 641.9

Interest Rate Risk

We are exposed to interest rate risk on our cash, short-term investments and on our 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 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. In the past, we entered into interest rate swaps to hedge the interest rate risk associated with the variable interest rate on the U.S. denominated Term Loan B. There were no outstanding interest rate swaps as at December 31, 2024 or 2023.

If the interest rates on our variable rate debt increased (decreased) by 0.25%, the result would be a decrease (increase) of $4.7 million to our net income for year ended December 31, 2024.

As at December 31, 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 year, net of our scheduled repayments, and based on the foreign exchange rate as at December 31, 2024.

($ millions)	2025	2026
U.S. TLB Facility	$ 1,899.5	$ 1,899.5

Guarantees

In the normal course of business, we enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving sales of assets, sales of services, purchases and development of assets, securitization agreements and operating leases. The nature of almost all of these indemnifications prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay counterparties. As a result, we cannot determine how they could affect future liquidity, capital resources or our credit risk profile. We have not made any significant payments under these indemnifications in the past. For more information, see Note 33 of our audited consolidated financial statements.

NON-IFRS ACCOUNTING STANDARDS MEASURES

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS Accounting Standards measures. EBITDA is defined as "Earnings Before Interest, Taxes, Depreciation and Amortization." Adjusted EBITDA is used by management 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 by management 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 Accounting Standards 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 Accounting Standards 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 Accounting Standards 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 Accounting Standards measures.

	Years ended December 31,	
($ millions)	**2024**	**2023**
Net income (loss)	$ (302.5)	$ 583.3
Tax expense (recovery)	(13.0)	89.6
(Gain) loss on changes in fair value of financial instruments	12.8	—
(Gain) loss on foreign exchange	244.5	(77.8)
Interest and other income	(23.3)	(66.5)
Interest expense	243.8	270.4
Gain on repurchase of debt	(202.5)	(230.1)
Depreciation	127.3	182.7
Amortization	11.3	13.1
Other operating (gains) losses, net	264.9	(265.0)
Non-recurring compensation expenses[(1)]	2.9	1.1
Non-cash expense related to share-based compensation	17.6	33.0
Adjusted EBITDA	$ 383.7	$ 533.7
Revenue	$ 571.0	$ 704.2
Adjusted EBITDA Margin	67.2%	75.8%

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

Adjusted EBITDA for Telesat Corporation decreased by $150.0 million for the year ended December 31, 2024, when compared to the prior year. The decrease was primarily due to a decrease in revenues coupled with an increase in operating expense, excluding share-based compensation, attributable primarily to higher wages and benefits in LEO and higher bonuses, 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.

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.

In addition, there are restrictions of the incurrence of secured debt which is measured by a senior secured leverage ratio of 4.25:1,00, tested quarterly. We refer to this senior secured leverage ratio as the Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes ratio.

Our Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization for Covenant Purposes is defined as net income (loss) for Telesat Canada 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 and non-cash charges related to share-based compensation expense. 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 Accounting Standards, 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 Accounting Standards or (2) cash flows from operating activities determined in accordance with IFRS Accounting Standards. 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 (loss), which is an IFRS Accounting Standards 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.*

($ millions)	**Year Ended December 31, 2024**
Net income (loss)	$ (302.5)
Impact of unrestricted subsidiaries	58.6
Consolidated income for Covenant Purposes	(243.9)
Plus:	
Income taxes (Note 1)	(22.3)
Interest expense (Note 1)	219.6
Depreciation and amortization expense (Note 1)	136.5
Non-cash share-based compensation and pension expense (Note 1)	20.0
Impairment	267.0
Other	16.6
Increased (decreased) by:	
Gain on repurchase of debt	(202.5)
Non-cash (gains) losses resulting from changes in foreign exchange rates (Note 1)	255.9
Consolidated EBITDA for Covenant Purposes	$ 446.9

Note 1: Some adjustments for covenant purposes excludes 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 Accounting Standards 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:

($ millions)	**As at December 31, 2024**
U.S. dollar denominated debt	
Term Loan B U.S. Facility (US$)	$ 1,320.5
Senior Unsecured Notes (US$)	221.3
Senior Secured Notes (US$)	225.0
2026 Senior Secured Notes (US$)	387.0
	2,153.8
Foreign exchange adjustment	944.2
Subtotal	3,098.1
Deferred financing costs, prepayment options and loss on repayment	(1.4)
Indebtedness	$ 3,096.6

(in $ millions)		
Indebtedness	$	3,096.6
Adjustments for covenant purposes:		
Deferred financing costs, prepayment options and loss on repayment		1.4
Add: lease liabilities		31.6
Consolidated Total Debt		3,129.9
Less: Cash and cash equivalents (max. US$100 million)		(143.8)
Consolidated Total Debt for Covenant Purposes	$	2,985.8
Consolidated Total Debt	$	3,129.9
Less: Unsecured debt (Senior Unsecured Notes)		(318.3)
Consolidated Total Secured Debt		2,811.6
Less: Cash and cash equivalents (max. US$100 million)		(143.8)
Consolidated Total Secured Debt for Covenant Purposes	$	2,667.6

As at December 31, 2024, the Consolidated Total Debt for Covenant Purposes to Consolidated EBITDA ratio, for the purposes of our Senior Secured Credit Facilities was 6.68:1.00. The Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes ratio, for the purposes of our Senior Secured Credit Facilities, was 5.97:1.00.

The consolidated EBITDA for covenant purposes for the Senior Secured Credit Facilities for the year ended December 31, 2023 was $582.9 million. Detailed information of the calculation is included in Item 5. Operating and Financial Review and Prospects — A. Operating results in the Telesat Corporation's Annual Report for the year December 31, 2023 on form 20-F filed with the SEC on March 28, 2024, which can be obtained on the SEC website at *https://www.sec.gov*.

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

Condensed Consolidating Financial Information

The 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.

Condensed Consolidating Statements of Income (Loss)
For the year ended December 31, 2024

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Revenue	$ —	$ —	$ —	$ 438,711	$ 304,889	$ 19,598	$ (192,154)	$ 571,044
Operating expenses	(1,106)	(1,125)	—	(273,462)	(49,364)	(74,864)	192,154	(207,767)
Depreciation	—	—	—	(13,225)	(104,000)	(1,821)	(8,228)	(127,274)
Amortization	—	—	—	(242)	(2,548)	(330)	(8,217)	(11,337)
Other operating gains (losses), net	—	—	—	(4,847)	(238,609)	—	(21,475)	(264,931)
Operating income (loss)	(1,106)	(1,125)	—	146,935	(89,632)	(57,417)	(37,920)	(40,265)
Income (loss) from equity investments	2,610	9,822	—	(147,122)	1,609	—	133,081	—
Interest expense	(119)	(433)	—	(233,108)	(12,818)	370	2,351	(243,757)
Gain on repurchase of debt	—	—	—	202,493	—	—	—	202,493
Interest and other income (expense)	(3,224)	184	—	269,878	6,198	14,841	(264,563)	23,314
Gain (loss) on changes in fair value of financial instruments	—	—	—	—	—	(12,761)	—	(12,761)
Gain (loss) on foreign exchange	53	99	—	(255,380)	(524)	11,135	90	(244,527)
Income (loss) before income taxes	(1,786)	8,547	—	(16,304)	(95,167)	(43,832)	(166,961)	(315,503)
Tax (expense) recovery	—	(5,937)	—	26,126	(3,181)	(3,333)	(638)	13,037
Net income (loss)	$ (1,786)	$ 2,610	$ —	$ 9,822	$ (98,348)	$ (47,165)	$ (167,599)	$ (302,466)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the year ended December 31, 2024

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	$ (1,786)	$ 2,610	$ —	$ 9,822	$ (98,348)	$ (47,165)	$ (167,599)	$ (302,466)
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	(665)	357	—	20,636	11,660	178,114	161,918	372,020
Other comprehensive income (loss) from equity investments	210,767	210,410	—	189,774	49,668	—	(660,619)	—
Items that will not be reclassified into profit or loss								
Actuarial gain (loss) on defined benefit plans	—	4,277	—	18,411	(60)	—	—	22,628
Income tax on items that will not be reclassified to profit or loss	—	—	—	(4,857)	13	—	—	(4,844)
Total other comprehensive income (loss) from equity investments	17,784	13,507	—	(47)	—	—	(31,244)	—
Total other comprehensive income (loss)	227,886	228,551	—	223,917	61,281	178,114	(529,945)	389,804
Total comprehensive income (loss)	$ 226,100	$ 231,161	$ —	$ 233,739	$ (37,067)	$ 130,949	$ (697,544)	$ 87,338

Condensed Consolidating Statements of Income (Loss)
For the year ended December 31, 2023

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Revenue	$ —	$ —	$ —	$ 598,083	$ 372,844	$ 14,850	$ (281,616)	$ 704,161
Operating expenses	(509)	(1,212)	—	(360,514)	(72,632)	(51,301)	281,616	(204,552)
Depreciation	—	—	—	(36,190)	(146,087)	(1,396)	1,004	(182,669)
Amortization	—	—	—	(781)	(2,669)	(324)	(9,319)	(13,093)
Other operating gains (losses), net	—	—	—	(11,466)	(534,146)	(2,039)	812,650	264,999
Operating income (loss)	(509)	(1,212)	—	189,132	(382,690)	(40,210)	804,335	568,846
Income (loss) from equity investments	30,736	28,873	—	(391,196)	634	—	330,953	—
Interest expense	(69)	(5)	—	(259,223)	(13,767)	4	2,710	(270,350)
Gain on repurchase of debt	—	—	—	230,080	—	—	—	230,080
Interest and other income (expense)	2	724	—	106,710	2,831	44,663	(88,398)	66,532
Gain (loss) on foreign exchange	(620)	(6)	—	75,667	632	1,939	146	77,758
Income (loss) before income taxes	29,540	28,374	—	(48,830)	(392,360)	6,396	1,049,746	672,866
Tax (expense) recovery	—	2,362	—	77,703	(576)	(4,022)	(165,063)	(89,596)
Net income (loss)	$ 29,540	$ 30,736	$ —	$ 28,873	$ (392,936)	$ 2,374	$ 884,683	$ 583,270

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the year ended December 31, 2023

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	$ 29,540	$ 30,736	$ —	$ 28,873	$ (392,936)	$ 2,374	$ 884,683	$ 583,270
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	791	113	—	(4,559)	(10,306)	(18,236)	(18,788)	(50,985)
Other comprehensive income (loss) from equity investments	(32,988)	(33,101)	—	(28,542)	(13,926)	—	108,557	—
Items that will not be reclassified into profit or loss								
Actuarial gain (loss) on defined benefit plans	—	1,246	—	(6,119)	(177)	—	—	(5,050)
Income tax on items that will not be reclassified to profit or loss	—	—	—	1,628	37	—	—	1,665
Total other comprehensive income (loss) from equity investments	(3,385)	(4,631)	—	(140)	—	—	8,156	—
Total other comprehensive income (loss)	(35,582)	(36,373)	—	(37,732)	(24,372)	(18,236)	97,925	(54,370)
Total comprehensive income (loss)	$ (6,042)	$ (5,637)	$ —	$ (8,859)	$ (417,308)	$ (15,862)	$ 982,608	$ 528,900

Condensed Consolidating Statements of Income (Loss)
For the year ended December 31, 2022

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Revenue	$ —	$ —	$ —	$ 649,933	$ 404,856	$ 38,313	$ (333,933)	$ 759,169
Operating expenses	(2,968)	(925)	—	(423,873)	(96,655)	(68,501)	333,933	(258,989)
Depreciation	—	—	—	(34,104)	(142,661)	(1,210)	(10,780)	(188,755)
Amortization	—	—	—	(3,172)	(2,559)	(313)	(8,935)	(14,979)
Other operating gains (losses), net	—	—	—	(43)	37	—	13	7
Operating income (loss)	(2,968)	(925)	—	188,741	163,018	(31,711)	(19,702)	296,453
Income (loss) from equity investments	14,409	19,117	—	130,849	3,411	—	(167,786)	—
Interest expense	—	(1,149)	—	(206,447)	(14,121)	(23)	(16)	(221,756)
Gain on repurchase of debt	—	—	—	106,916	—	—	—	106,916
Interest and other income (expense)	13	(29)	—	80,271	728	15,880	(73,387)	23,476
Gain (loss) on change in fair value of financial instruments	—	—	—	4,314	—	—	—	4,314
Gain (loss) on foreign exchange	54	64	—	(237,208)	247	(2,748)	—	(239,591)
Income (loss) before income taxes	11,508	17,078	—	67,436	153,283	(18,602)	(260,891)	(30,188)
Tax (expense) recovery	—	(2,669)	—	(48,319)	1,919	(2,340)	—	(51,409)
Net income (loss)	$ 11,508	$ 14,409	$ —	$ 19,117	$ 155,202	$ (20,942)	$ (260,891)	$ (81,597)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the year ended December 31, 2022

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Net income (loss)	$ 11,508	$ 14,409	$ —	$ 19,117	$ 155,202	$ (20,942)	$ (260,891)	$ (81,597)
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments	(692)	(1,011)	—	12,191	25,603	138,086	(25,721)	148,456
Other comprehensive income (loss) from equity investments	174,869	175,880	—	163,689	41,501	—	(555,939)	—
Items that will not be reclassified into profit or loss								
Actuarial gain (loss) on defined benefit plans	—	7,514	—	24,906	862	—	—	33,282
Income tax on items that will not be reclassified to profit or loss	—	—	—	(6,587)	(181)	—	—	(6,768)
Total other comprehensive income (loss) from equity investments	26,514	19,000	—	681	—	—	(46,195)	—
Total other comprehensive income (loss)	200,691	201,383	—	194,880	67,785	138,086	(627,855)	174,970
Total comprehensive income (loss)	$ 212,199	$ 215,792	$ —	$ 213,997	$ 222,987	$ 117,144	$ (888,746)	$ 93,373

Condensed Consolidating Balance Sheets
As at December 31, 2024

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Assets								
Cash and cash equivalents	$ 895	$ 4,998	$ —	$ 150,425	$ 59,066	$ 336,680	$ —	$ 552,064
Trade and other receivables	1,128	—	—	34,557	16,769	106,476	—	158,930
Other current financial assets	—	4	—	228	333	6	(6)	565
Intercompany receivables	2,017	—	—	237,804	12,885	284	(252,990)	—
Current income tax recoverable	—	1,817	—	26,602	823	526	(515)	29,253
Prepaid expenses and other current assets	—	—	—	4,735	6,716	273,836	(4,827)	280,460
Total current assets	4,040	6,819	—	454,351	96,592	717,808	(258,338)	1,021,272
Satellites, property and other equipment	—	—	—	81,255	467,204	1,721,521	7,163	2,277,143
Deferred tax assets	—	—	—	—	12,837	—	(9,778)	3,059
Other long-term financial assets	—	8,464	—	48,301	4,537	81	(51,616)	9,767
Long-term income tax recoverable	—	—	—	6,993	—	—	—	6,993
Other long-term assets	—	—	—	99,987	—	416,520	—	516,507
Intangible assets	—	—	—	362	363,320	188,774	(54,990)	497,466
Investment in affiliates	388,133	471,533	—	2,719,014	53,309	—	(3,631,989)	—
Goodwill	—	—	—	549,162	—	—	2,063,810	2,612,972
Total assets	$ 392,173	$ 486,816	$ —	$ 3,959,425	$ 997,799	$ 3,044,704	$ (1,935,738)	$ 6,945,179
Liabilities								
Trade and other payables	$ 39	$ 5	$ —	$ 21,409	$ 7,132	$ 129,691	$ —	$ 158,276
Other current financial liabilities	4	—	—	23,461	3,024	—	(6)	26,483
Intercompany payables	312	367	—	10,259	236,319	5,733	(252,990)	—
Income taxes payable	—	5,851	—	—	—	577	(515)	5,913
Other current liabilities	—	—	—	38,734	31,234	766	(4,828)	65,906
Total current liabilities	355	6,223	—	93,863	277,709	136,767	(258,339)	256,578
Long-term indebtedness	—	—	—	3,096,615	—	—	—	3,096,615
Deferred tax liabilities	—	—	—	156,000	—	27,742	(8,198)	175,544
Other long-term financial liabilities	8,464	209	—	19	56,345	617,135	(51,616)	630,556
Other long-term liabilities	—	3,217	—	123,382	160,800	1,782	—	289,181
Total liabilities	8,819	9,649	—	3,469,879	494,854	783,426	(318,153)	4,448,474
Total shareholders' equity	383,354	477,167	—	489,546	502,945	2,261,278	(1,617,585)	2,496,705
Total liabilities and shareholders' equity	$ 392,173	$ 486,816	$ —	$ 3,959,425	$ 997,799	$ 3,044,704	$ (1,935,738)	$ 6,945,179

Condensed Consolidating Balance Sheets
As at December 31, 2023

	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	—	—	—	79,648	291	—	—	79,939
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	$ —	$ 4,225,968	$ 1,537,360	$ 2,018,156	$ (2,420,488)	$ 6,313,368
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	—	135,125	185,182	—	—	329,454
Total liabilities	8,678	9,664	—	3,720,494	457,533	50,561	(332,545)	3,914,385
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	$ —	$ 4,225,968	$ 1,537,360	$ 2,018,156	$ (2,420,488)	$ 6,313,368

Condensed Consolidating Statements of Cash Flows
For the year ended December 31, 2024

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Cash flows from (used in) operating activities								
Net income (loss)	$ (1,786)	$ 2,610	$ —	$ 9,822	$ (98,348)	$ (47,165)	$ (167,599)	$ (302,466)
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation	—	—	—	13,225	104,000	1,821	8,228	127,274
Amortization	—	—	—	242	2,548	330	8,217	11,337
Tax expense (recovery)	—	5,937	—	(26,126)	3,181	3,333	638	(13,037)
Interest expense	119	433	—	233,108	12,818	(370)	(2,351)	243,757
Interest income	(56)	(184)	—	(7,005)	(6,414)	(54,688)	2,351	(65,996)
(Gain) loss on foreign exchange	(53)	(99)	—	255,380	524	(11,135)	(90)	244,527
(Gain) loss on changes in fair value of financial instruments	—	—	—	—	—	12,761	—	12,761
Share-based compensation	—	—	—	14,859	2,578	120	—	17,557
(Income) loss from equity investments	(2,610)	(9,822)	—	147,122	(1,609)	—	(133,081)	—
(Gain) loss on disposal of assets	—	—	—	216	318	—	—	534
Gain on disposal of a subsidiary		—	—	4,631	—	—	(7,251)	(2,620)
Gain on repurchase of debt	—	—	—	(202,493)	—	—	—	(202,493)
Impairment	—	—	—	—	238,291	—	28,726	267,017
Deferred revenue amortization	—	—	—	(21,294)	(36,750)	—	—	(58,044)
Pension expense	—	712	—	4,936	—	—	—	5,648
Non-cash other income (expense)	3,281	—	—	425	—	30,196	—	33,902
Other	—	—	—	951	6,529	31	—	7,511
Income taxes paid, net of income taxes received	—	(227)	—	(52,005)	(2,585)	(5,693)	—	(60,510)
Interest paid, net of interest received	(63)	177	—	(223,857)	5,040	57,108	—	(161,595)
Government grant received		—	—	—	—	2,520	—	2,520
Operating assets and liabilities	1,625	(2,777)	—	(116,920)	100,272	(27,056)	(264)	(45,120)
Net cash from (used in) operating activities	457	(3,240)	—	35,217	330,393	(37,887)	(262,476)	62,464
Cash flows (used in) generated from investing activities								
Cash payments related to satellite programs	—	—	—	—	—	(1,045,671)	—	(1,045,671)
Cash payments related to property and other equipment	—	—	—	(3,446)	(388)	(61,765)	795	(64,804)
Purchase of intangible assets	—	—	—	—	(52)	(4,995)	4,995	(52)
Net proceeds from disposal of subsidiaries		—	—	3,613	—	—	—	3,613
Proceeds from disposal of assets		—	—	5,790	—	—	(5,790)	—
Government grant received		—	—	—	—	15,359	—	15,359
Return of capital to shareholder	—	—	—	151,274	—	—	(151,274)	—
Investment in affiliates	—	—	—	(163,224)	—	—	163,224	—
Net cash (used in) generated from investing activities	—	—	—	(5,993)	(440)	(1,097,072)	11,950	(1,091,555)
Cash flows (used in) generated from financing activities								
Repurchase of indebtedness	—	—	—	(155,903)	—	—	—	(155,903)
Payment of principal on lease liabilities	—	—	—	(1,492)	(563)	(367)	—	(2,422)
Satellite performance incentive payments	—	—	—	(2,321)	(2,251)	—	—	(4,572)
Return of capital to shareholder	—	—	—	—	(151,274)	—	151,274	—
Proceeds from exercise of stock options	—	—	—	426	—	—	—	426
Tax withholdings on settlement of restricted share units	(346)	—	—	(6,918)	(378)	(90)	—	(7,732)
Proceeds from issuance of share capital	—	—	—	—	—	163,224	(163,224)	—
Dividends paid	—	—	—	—	(262,476)	—	262,476	—
Net cash (used in) generated from financing activities	(346)	—	—	(166,208)	(416,942)	162,767	250,526	(170,203)
Effect of changes in exchange rates on cash and cash equivalents	76	438	—	6,550	5,494	69,711	—	82,269
Changes in cash and cash equivalents	187	(2,802)	—	(130,434)	(81,495)	(902,481)	—	(1,117,025)
Cash and cash equivalents, beginning of year	708	7,800	—	280,859	140,561	1,239,161	—	1,669,089
Cash and cash equivalents, end of year	$ 895	$ 4,998	$ —	$ 150,425	$ 59,066	$ 336,680	$ —	$ 552,064

Condensed Consolidating Statements of Cash Flows
For the year ended December 31, 2023

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Cash flows from (used in) operating activities								
Net income (loss)	$ 29,540	$ 30,736	$ —	$ 28,873	$ (392,936)	$ 2,374	$ 884,683	$ 583,270
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation	—	—	—	36,190	146,087	1,396	(1,004)	182,669
Amortization	—	—	—	781	2,669	324	9,319	13,093
Tax expense (recovery)	—	(2,362)	—	(77,703)	576	4,022	165,063	89,596
Interest expense	69	5	—	259,223	13,767	(4)	(2,710)	270,350
Interest income	(2)	(110)	—	(17,043)	(4,726)	(44,667)	2,710	(63,838)
(Gain) loss on foreign exchange	620	6	—	(75,667)	(632)	(1,939)	(146)	(77,758)
Share-based compensation	(692)	—	—	32,473	3,774	(2,540)	—	33,015
(Income) loss from equity investments	(30,736)	(28,873)	—	391,196	(634)	—	(330,953)	—
(Gain) loss on disposal of assets	—	—	—	11,466	(36)	2,039	(13,528)	(59)
Gain on repurchase of debt	—	—	—	(230,080)	—	—	—	(230,080)
Impairment	—	—	—	—	534,182	—	(454,442)	79,740
Deferred revenue amortization	—	—	—	(28,284)	(30,080)	(973)	—	(59,337)
Pension expense	—	684	—	4,990	—	—	—	5,674
Other	—	—	—	1,299	1,659	—	—	2,958
C-band clearing income	—	—	—	—	—	—	(344,892)	(344,892)
Income taxes paid, net of income taxes received	—	(186)	—	(58,227)	(5,748)	(2,680)	—	(66,841)
Interest paid, net of interest received	(62)	110	—	(255,642)	3,110	43,223	—	(209,261)
Government grant received	—	—	—	—	—	972	—	972
Operating assets and liabilities	1,958	(8,710)	—	(8,344)	(1,800)	(17,328)	(4,988)	(39,212)
Net cash from (used in) operating activities	695	(8,700)	—	15,501	269,232	(15,781)	(90,888)	170,059
Cash flows (used in) generated from investing activities								
Cash payments related to satellite programs	—	—	—	(8,934)	—	(74,385)	—	(83,319)
Cash payments related to property and other equipment	—	—	—	(12,297)	(635)	(29,988)	—	(42,920)
Purchase of intangible assets	—	—	—	(13,211)	(56)	—	—	(13,267)
Return of capital to shareholder	—	11,807	—	172,074	—	—	(183,881)	—
Investment in affiliates	—	—	—	—	(750)	—	750	—
Government grant received	—	—	—	—	—	117	—	117
C-band clearing proceeds	—	—	—	—	—	351,438	—	351,438
Net cash (used in) generated from investing activities	—	11,807	—	137,632	(1,441)	247,182	(183,131)	212,049
Cash flows (used in) generated from financing activities								
Repurchase of indebtedness	—	—	—	(344,014)	—	—	—	(344,014)
Payment of principal on lease liabilities	—	—	—	(1,277)	(492)	(402)	—	(2,171)
Satellite performance incentive payments	—	—	—	(4,437)	(1,948)	—	—	(6,385)
Return of capital to shareholder	—	—	—	(11,807)	(172,074)	—	183,881	—
Proceeds from exercise of stock options	—	—	—	27	—	—	—	27
Tax withholdings on settlement of restricted share units	—	—	—	(2,883)	(247)	(68)	—	(3,198)
Proceeds from issuance of share capital	—	—	—	—	—	750	(750)	—
Dividends paid	—	—	—	(10)	(85,545)	(5,333)	90,888	—
Net cash (used in) generated from financing activities	—	—	—	(364,401)	(260,306)	(5,053)	274,019	(355,741)
Effect of changes in exchange rates on cash and cash equivalents	(5)	(49)	—	(3,979)	(3,637)	(27,400)	—	(35,070)
Changes in cash and cash equivalents	690	3,058	—	(215,247)	3,848	198,948	—	(8,703)
Cash and cash equivalents, beginning of year	18	4,742	—	496,106	136,713	1,040,213	—	1,677,792
Cash and cash equivalents, end of year	$ 708	$ 7,800	$ —	$ 280,859	$ 140,561	$ 1,239,161	$ —	$ 1,669,089

Condensed Consolidating Statements of Cash Flows
For the year ended December 31, 2022

	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non-guarantor subsidiaries	Adjustments	Consolidated
Cash flows from (used in) operating activities								
Net income (loss)	$ 11,508	$ 14,409	$ —	$ 19,117	$ 155,202	$ (20,942)	$ (260,891)	$ (81,597)
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation	—	—	—	34,104	142,661	1,210	10,780	188,755
Amortization	—	—	—	3,172	2,559	313	8,935	14,979
Tax expense (recovery)	—	2,669	—	48,319	(1,919)	2,340	—	51,409
Interest expense	—	1,149	—	206,447	14,121	23	16	221,756
Interest income	(13)	(16)	—	(6,361)	(1,293)	(15,881)	—	(23,564)
(Gain) loss on foreign exchange	(54)	(64)	—	237,208	(247)	2,748	—	239,591
(Gain) loss on changes in fair value of financial instruments	—	—	—	(4,314)	—	—	—	(4,314)
Share-based compensation	692	—	—	61,629	3,750	1,357	—	67,428
(Income) loss from equity investments	(14,409)	(19,117)	—	(130,849)	(3,411)	—	167,786	—
(Gain) loss on disposal of assets	—	—	—	43	(37)	—	(13)	(7)
Gain on repurchase of debt	—	—	—	(106,916)	—	—	—	(106,916)
Deferred revenue amortization	—	—	—	(32,233)	(27,503)	(17,339)	—	(77,075)
Pension expense	—	540	—	7,047	—	—	—	7,587
Other	—	—	—	(2,454)	1,270	—	—	(1,184)
Income taxes paid, net of income taxes received	—	(39)	—	(91,993)	(3,449)	(2,662)	—	(98,143)
Interest paid, net of interest received	13	16	—	(177,578)	(358)	14,794	—	(163,113)
Government grant received	—	—	—	—	—	10,703	—	10,703
Operating assets and liabilities	2,277	1,625	—	(41,352)	12,929	17,653	124	(6,744)
Net cash from (used in) operating activities	14	1,172	—	23,036	294,275	(5,683)	(73,263)	239,551
Cash flows (used in) generated from investing activities								
Cash payments related to satellite programs	—	—	—	—	—	(31,805)	—	(31,805)
Cash payments related to property and other equipment	—	—	—	(3,931)	(522)	(28,248)	—	(32,701)
Purchase of intangible assets	—	—	—	—	(71)	—	—	(71)
Return of capital to shareholder	—	23,290	—	191,248	—	—	(214,538)	—
Government grant received	—	—	—	—	—	11,621	—	11,621
C-band clearing proceeds	—	—	—	—	—	64,651	—	64,651
Net cash (used in) generated from investing activities	—	23,290	—	187,317	(593)	16,219	(214,538)	11,695
Cash flows (used in) generated from financing activities								
Repurchase of indebtedness	—	—	—	(97,234)	—	—	—	(97,234)
Payment of principal on lease liabilities	—	—	—	(1,193)	(944)	(361)	—	(2,498)
Satellite performance incentive payments	—	—	—	(4,896)	(1,771)	—	—	(6,667)
Final Transaction adjustment payment	—	(20,790)	—	—	—	—	—	(20,790)
Return of capital to shareholder	—	—	—	(23,290)	(191,248)	—	214,538	—
Dividends paid	—	—	—	—	(73,263)	—	73,263	—
Net cash (used in) generated from financing activities	—	(20,790)	—	(126,613)	(267,226)	(361)	287,801	(127,189)
Effect of changes in exchange rates on cash and cash equivalents	—	166	—	43,588	8,922	51,466	—	104,142
Changes in cash and cash equivalents	14	3,838	—	127,328	35,378	61,641	—	228,199
Cash and cash equivalents, beginning of year	4	904	—	368,778	101,335	978,572	—	1,449,593
Cash and cash equivalents, end of year	$ 18	$ 4,742	$ —	$ 496,106	$ 136,713	$ 1,040,213	$ —	$ 1,677,792

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 December 31, 2024, were as follows:

(in thousands of $, except number of shares)	Number of shares	Stated value
Telesat Public Shares	14,080,010	$ 52,742
Class C Shares	112,841	6,340
	14,192,851	$ 59,082

The breakdown of the number of Telesat Public Shares, as at December 31, 2024, was as follows:

Telesat Public shares	
Class A Common shares	2,442,921
Class B Variable voting shares	11,637,089
Total Telesat Public shares	14,080,010

The split between the Class A Common shares and Class B Variable Voting shares in the table above is based on information available to us as at December 31, 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 December 31, 2024 and 2023.

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 Plans as at December 31, 2024 were as follows:

	Historic Plan	Omnibus Plan
Stock Options	52,628	773,178
RSUs with time criteria	—	964,705
RSUs with time and performance criteria	124,080	—
PSUs with time and performance criteria	—	555,162
DSUs	—	189,434
	176,708	2,482,479

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

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

(in thousands of $, except number of units)	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
	36,420,154	$ 89,034

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 4 of our audited consolidated financial statements.

Critical judgments in applying accounting policies

Deferred revenue

Certain of our revenue agreements were noted to have a significant financing component. Judgment by management is required to determine the discount rate used in the significant financing component calculation. There were no new agreements entered into in 2024 which included a significant financing component.

Lease liability

Judgment by management is required in the determination of the likelihood that the lease renewal periods will be exercised as well as the determination of the incremental borrowing rate. There were no new material lease agreements in 2024.

Uncertain income tax positions

We operate in numerous jurisdictions and are subject to country-specific tax laws. We use significant judgment when determining the worldwide provision for tax, and estimate provisions for uncertain tax positions as the amounts expected to be paid based on a qualitative assessment of all relevant factors. In the assessment, we consider risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. We review the provisions at each balance sheet date.

Software as a service arrangements

Judgment by management is required to determine whether configuration or customization of a software results in an intangible asset for Telesat.

Critical accounting estimates and assumptions

Derivative financial instruments measured at fair value

Derivative financial assets and liabilities are measured at fair value. When quoted market values are unavailable for our financial instruments, and in the absence of an active market, we determine fair value for financial instruments based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or we make use of internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market-based inputs. The determination of fair value is significantly impacted by the assumptions used for the amount and timing of estimated future cash flows and discount rates. As a result, the fair value of financial assets and liabilities, and the amount of gains or losses on changes in fair value recorded to net income could vary. The discount rates used to discount cash flows as at December 31, 2024 ranged from 4.37% to 4.63% while as at December 31, 2023 the discount rates ranged from 4.06% to 5.59%.

Impairment of goodwill

Goodwill represented $2,613.0 million of our total assets as at December 31, 2024 (December 31, 2023 – $2,446.6 million). Determining whether goodwill is impaired using a quantitative approach requires an estimation of our fair value, which requires us to estimate the future cash flows expected to arise from operations and to make assumptions regarding the underlying business plan, discount rates, and growth rate assumptions. Actual operating results and our related cash flows could differ from the estimates used for the impairment analysis. The discount rate utilized on the goodwill impairment assessment ranged from 10.0% to the midpoint between 15% and 20% in 2024 (2023 – 9.5% to the midpoint between 15% and 20%).

Impairment of intangible assets

Intangible assets represented a significant portion of our total assets as at December 31, 2024. We test intangible assets for impairment annually or more frequently if indicators of impairment or reversal of a prior impairment loss exist. The quantitative impairment analysis requires us to estimate the future cash flows expected to arise from operations, and to make assumptions regarding the underlying business plan, discount rates, growth rate assumptions and royalty rate. Significant judgments are made in establishing these assumptions. Actual operating results and our related cash flows could differ from the estimates used for the impairment analysis. The discount rate utilized on the intangible assets impairment assessment ranged from 10% to the midpoint between 15% and 20% in 2024 (2023 – ranged from 9.0% to 9.5% to the midpoint between 15% and 20%).

Indefinite life intangible assets are tested for impairment at the individual CGU level. In the case of orbital slots, the CGU is based on geography. During the year ended December 31, 2024 and 2023, as a result of impairment testing of the geographical CGUs, there was an impairment of $191.0 million and $66.0 million, respectively, recorded against intangible assets and $36.3 million and $13.8 million, respectively, recorded against satellites, property and other equipment. For additional details of the impairment that was recorded, refer to Notes 16 and 17 of the 2024 consolidated financial statements.

Employee benefits

The cost of defined benefit pension plans, other post-employment benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, future pension increases and return on plan assets. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually. See Note 32 of our audited consolidated financial statements for a sensitivity analysis of the assumptions used in the actuarial valuation.

Share-based compensation

The expense for stock options is based on the fair value of the awards granted using the Black-Scholes option pricing model. The Black-Scholes option pricing model includes estimates of the dividend yield, expected volatility, risk-free interest rate and the expected life in years. Any changes in these estimates may have a significant impact on the amounts reported.

Determination of useful life of satellites and finite life intangible assets

The estimated useful life and depreciation method for satellites and finite life intangible assets are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. Any change in these estimates may have a significant impact on the amounts reported. There were no changes in the estimated useful lives of satellites and intangible assets during 2024.

Income taxes

We assess the recoverability of deferred tax assets based upon an estimation of our projected taxable income using enacted or substantially enacted tax laws, and our ability to utilize future tax deductions before they expire. Actual results could differ from expectations.

Telesat Lightspeed Financing Warrants

Telesat LEO Inc. has issued the Telesat Lightspeed Financing Warrants as part of the Telesat Lightspeed Financing. The Telesat Lightspeed Financing Warrants are measured at fair value. The determination of fair value is significantly impacted by the assumptions used for the amount and timing of estimated future cash flows, value of Lightspeed operations and discount rates. As a result, the fair value of financial liabilities, and the amount of gains or losses on changes in fair value recorded to net income could vary. The discount rate used as at December 31, 2024 was 4.58%.

ACCOUNTING STANDARDS

Future Changes in Accounting Policies

The IASB periodically issues new and amended accounting standards. The new and amended standards determined to be applicable to us 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 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 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information regarding Telesat Corporation's directors and senior management. The terms of office of each of our directors expires on the date of the next annual meeting of our shareholders. The business address for our directors and senior management is 160 Elgin Street, Suite 2100, Ottawa, Ontario, Canada, K2P 2P7.

Name	Province/State and Country of Residence	Age as of December 31, 2024	Position	Principal Occupation for the Last 5 Years
Directors				
Mr. Michael Boychuk[2]	Baie-D-Urfe, Quebec, Canada	69	Director	Corporate Director
Ms. Jane Craighead	Elizabethtown, Ontario, Canada	65	Director	Corporate Director, Former Senior Vice President, Scotiabank
Mr. Richard Fadden	Ottawa, Ontario, Canada	73	Director	Corporate Director/Advisor
Mr. Daniel Goldberg	Ottawa, Ontario, Canada	59	Director	President and Chief Executive Officer, Telesat Canada
Mr. Henry Intven	Victoria, British Columbia, Canada	76	Director	President, Haro Strait Consulting Inc.
Mr. David Morin[2]	Montreal, Quebec, Canada	44	Director	Managing Director, Private Equity, PSP Investments
Dr. Mark H. Rachesky[1]	New York, NY, USA	65	Director	Founder and Chief Investment Officer, MHR Fund Management LLC
Mr. Guthrie Stewart[2]	Westmount, Quebec, Canada	69	Director	Corporate Director, Former Executive, PSP Investments
Mr. Michael B. Targoff[1]	Jupiter, FL, USA	80	Director	Former Vice Chairman, Loral Space & Communications Inc.
Janet Yeung[1]	New York, NY, USA	60	Director	Principal and General Counsel, MHR Fund Management LLC