

## **ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following management’s discussion and analysis (the “MD&A”) should be read in conjunction with Telesat Corporation’s unaudited interim condensed consolidated financial statements and the related notes for the three-month period ended March 31, 2025.*

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

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

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

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

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

*The information contained in this MD&A takes into account information available up to May 5, 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 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 described. The results are not limited to the risks listed below and, in the section, entitled “Risk Factors” included in

Telesat Corporation's Annual Report on Form 20-F for the year ended December 31, 2024 (the "Annual Report") which were filed with the SEC and the Canadian securities regulatory authorities on March 27, 2025. The Annual Report can be obtained on the SEC's website at <https://www.sec.gov> and the System for Electronic Document Analysis and Retrieval ("SEDAR+") at <https://www.sedarplus.ca>. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change, except where we are expressly required to do so by law.

Factors that could cause actual results to differ from those projected include, but are not limited to (1) risks associated with financial factors, including swings in the global financial markets, tariffs, increases 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, raising sufficient capital to design and implement 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 the Annual Report, can be obtained on the SEC's website at <https://www.sec.gov> and on SEDAR+ at <https://www.sedarplus.ca>.

## OPERATING HIGHLIGHTS

### *Telesat Lightspeed Secures Key Multi-Year Agreements*

#### *Viasat Inc.*

In April 2025, Telesat LEO Inc. signed a multi-year agreement with Viasat Inc. for Telesat Lightspeed services. Under their multi-orbit strategy, Viasat plans to integrate Telesat Lightspeed into their services portfolio for aviation, maritime, enterprise and defense markets.

Viasat is well positioned as the largest broadband connectivity provider in the commercial aviation market. The thousands of airplanes that have the Viasat GM-40 antenna installed today will be able to access the Telesat Lightspeed network when global services commence. Viasat and its airline customers also will be able to install next-generation electronically steerable antennas (ESAs) to access the advanced Telesat Lightspeed constellation.

Telesat Lightspeed enables enhanced inflight connectivity by delivering high-speed, low-latency broadband globally, as well as to hotspots such as large airport hubs, all backed by enterprise-grade Service Level Agreements (SLAs) for guaranteed performance.

#### *Orange*

In March 2025, Telesat LEO Inc. entered into multi-year agreements with Orange for Telesat Lightspeed satellite connectivity and terrestrial infrastructure.

Under the terrestrial infrastructure agreement, a Telesat Lightspeed Landing Station will be hosted at Orange's teleport in Bercenay-en-Othe, France, and benefit from ground segment connectivity with their point of presence located in Paris over Orange Wholesale International Private Line. Additionally, Orange signed a capacity commitment for Telesat Lightspeed service, which will be integrated into its global portfolio of services for businesses and telecom operators.

#### *Space Norway*

In March 2025, Telesat LEO Inc. signed a Term Sheet with Space Norway for Telesat Lightspeed connectivity services.

Space Norway plans to integrate a multi-Gbps Telesat Lightspeed capacity pool into its services portfolio to provide secure, low-latency connectivity services for its defense, enterprise, maritime and land customers. The capacity pool, backed by Committed Information Rates and a Service Level Agreement, will deliver significant flexibility for Space Norway to tailor its service offerings. This includes prioritization of services and data rates to each remote site, and seamless modification of online services via Space Norway's own infrastructure.

We expect to conclude definitive agreements in the second half of 2025.

#### *ADN Telecom Limited*

In March 2025, Telesat LEO Inc. announced a multi-year partnership with ADN Telecom Limited ("ADN Telecom") to deliver Telesat Lightspeed connectivity solutions across Bangladesh and South Asia.

Through this partnership, Telesat Leo Inc. will provide Telesat Lightspeed services and a Smart Virtual Network Operator capability for ADN Telecom to manage and deliver innovative, customized connectivity solutions for their enterprise, maritime and government customers. ADN Telecom will participate in early field trial testing of Telesat Lightspeed services and commence full-time services with industry-leading committed information rates and guaranteed SLAs.

## 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: low earth orbit (“LEO”) and geostationary orbit (“GEO”) and other. 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 March 31, 2025, we provided satellite services to customers from our fleet of 14 in-orbit GEO 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 LEO 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 Inc. (“Telesat LEO”) completed financing agreements with the Government of Canada (“GoC”) and Government of Quebec (“GoQ”) for loans of \$2.14 billion and \$400 million, respectively, for the Telesat Lightspeed constellation (“Telesat Lightspeed Financing”). 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 development, 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 that 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 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”.

We also expect to incur to significant interest on the Telesat Lightspeed Financing, which we expect to be capitalized against the costs of the constellation until the constellation is in service.

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 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 GEO satellite services business, we are now poised to revolutionize the provision of global broadband connectivity by building what we believe will be one of the world’s most advanced constellations of LEO satellites and integrated terrestrial infrastructure, Telesat Lightspeed.

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

As we move through 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 Corporation’s net loss for the three months ended March 31, 2025, was \$51.5 million compared to net loss of \$52.3 million for the same period in the prior year. The \$0.9 million decrease was primarily due the positive variation of the foreign exchange. This was partially offset by a decrease in revenues combined with a loss on the changes in the fair value of the derivative liabilities associated with the warrants issued in conjunction with the Telesat Lightspeed Financing.

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

	<b>Q1 2025</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
US\$ to \$ spot rate . . . . .	—	1.4387	1.4384
US\$ to \$ average rate . . . . .	1.4344	—	—
	<b>Q1 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
US\$ to \$ spot rate . . . . .	—	1.3540	1.3243
US\$ to \$ average rate . . . . .	1.3483	—	—

## Revenue

(\$ millions except percentages)	Three months ended March 31,		% Increase (Decrease)
	2025	2024	
Broadcast . . . . .	\$ 55.1	\$ 72.5	(24.1)%
Enterprise . . . . .	56.8	72.8	(22.0)%
Consulting and other . . . . .	4.9	6.8	(28.9)%
<b>Revenue</b> . . . . .	<u>\$ 116.7</u>	<u>\$ 152.2</u>	<u>(23.3)%</u>

Total revenue for the three months ended March 31, 2025, decreased by \$35.4 million to \$116.7 million, when compared to the same period in the prior year.

Revenue from Broadcast services decreased by \$17.5 million for the three months ended March 31, 2025, when compared to the same period in the prior year. This decrease in GEO revenue was mainly due to a lower rate on the renewal of a long-term agreement with a North American direct-to-home customer.

Revenue from Enterprise services decreased by \$16.0 million for the three months ended March 31, 2025, when compared to the same period in the prior year. This decrease in GEO revenue was due to reductions of services to certain customers, in particular with an agreement to provide services for an Indonesian rural broadband program, combined with lower equipment sales to Canadian government customers.

Consulting and other revenue decreased by \$2.0 million for the three months ended March 31, 2025, when compared to the same period in the prior year. The decrease was primarily due to lower LEO consulting services provided to NASA Goddard Space Flight Center.

## Expenses

(\$ millions except percentages)	Three months ended March 31,		% Increase (Decrease)
	2025	2024	
Depreciation . . . . .	\$ 25.9	\$ 36.4	(28.8)%
Amortization . . . . .	10.9	2.8	286.1%
Other operating (gains) losses, net . . . . .	(4.0)	—	100.0%
Operating expenses . . . . .	53.0	47.1	12.6%
<b>Total expenses</b> . . . . .	<u>\$ 85.9</u>	<u>\$ 86.3</u>	<u>(0.5)%</u>

## Depreciation

Depreciation of satellites, property and other equipment decreased by \$10.5 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year. The decrease in depreciation was primarily due to the end of useful lives, for accounting purposes, of our Telstar 11N satellite in March 2024 and Nimiq 5 satellite in September 2024.

## Amortization

Amortization of intangible assets increased by \$8.1 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year. The increase was primarily related to the amortization of orbital slots, which were transferred from indefinite life assets to finite life assets effective January 1, 2025.



## Operating Expenses

(\$ millions except percentages)	Three months ended March 31,		% Increase (Decrease)
	2025	2024	
Compensation and employee benefits . . . . .	\$ 26.1	\$ 25.3	3.1%
Other operating expenses . . . . .	20.3	11.1	82.1%
Cost of sales . . . . .	6.7	10.7	(37.2)%
<b>Operating expenses . . . . .</b>	<b>\$ 53.0</b>	<b>\$ 47.1</b>	<b>12.6%</b>

Total operating expenses increased by \$5.9 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year.

Compensation and employee benefits increased by \$0.8 million for the three-month period ended March 31, 2025, in comparison to the same period in the prior year. The increase was primarily due to higher wages and benefits related to Telesat Lightspeed and higher bonuses, which were partially offset by higher capitalized engineering related to LEO and lower share-based compensation.

Other operating expenses increased by \$9.1 million for the three-month period ended March 31, 2025, in comparison to the same period in the prior year. The increase was primarily due to higher GEO legal and professional fees and to an increase in software licensing costs associated with LEO.

Cost of sales decreased by \$4.0 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year. The decrease was primarily due to lower consulting costs tied to lower LEO consulting revenue from NASA Goddard Space Flight Center combined with lower GEO equipment sales to the Canadian Government.

## Interest Expense

(\$ millions except percentages)	Three months ended March 31,		% Increase (Decrease)
	2025	2024	
Debt service costs . . . . .	\$ 56.5	\$ 60.2	(6.2)%
Interest on significant financing component . . . . .	3.3	3.6	(9.4)%
Interest on satellite performance incentive payments . . . . .	0.3	0.3	(18.4)%
Interest on employee benefit plans . . . . .	(0.3)	—	(562.5)%
Interest on leases . . . . .	0.4	0.4	20.5%
Capitalized interest . . . . .	(3.5)	—	(100.0)%
<b>Interest expense . . . . .</b>	<b>\$ 56.7</b>	<b>\$ 64.4</b>	<b>(12.1)%</b>

Interest expense included interest related to our 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 \$3.7 million for the three months ended March 31, 2025, when compared to the same period in the prior year. The decrease in interest expense was primarily due to the impact of the repurchases of a portion of the U.S. TLB Facility, Senior Unsecured Notes, Senior Secured Notes, and 2026 Senior Secured Notes, as well as a decrease in interest rates on the U.S. TLB Facility. This decrease was partially offset by the interest expense on the Telesat Lightspeed Financing under which draws occurred in 2025.

Interest on significant financing component decreased by \$0.3 million for the three months ended March 31, 2025, when compared to the same period in the prior year. The decrease in interest expense was primarily due to lower average prepayment balances for revenue agreements with a significant financing component.

Interest on satellite performance incentive payments decreased by \$0.1 million for the three months ended March 31, 2025, when compared to the same period in the prior year.

Interest on employee benefit plans decreased by \$0.2 million for the three months ended March 31, 2025, when compared to the same period in the prior year.

Interest on leases increased by \$0.1 million for the three months ended March 31, 2025, when compared to the same period in the prior year.

Capitalized interest increased by \$3.5 million for the three months ended March 31, 2025, when compared to the same period in the prior year. Balances relate to interest capitalized to the Lightspeed constellation tied to Telesat Lightspeed Financing.

### ***Interest and Other Income***

(\$ millions)	Three months ended March 31,	
	2025	2024
Interest and other income . . . . .	\$ 6.2	\$ 21.1

Interest and other income decreased by \$14.9 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year. The decrease was primarily due to lower average cash and cash equivalent balances.

### ***Foreign Exchange & Derivatives***

(\$ millions)	Three months ended March 31,	
	2025	2024
Gain (loss) on changes in fair value of financial instruments . . . . .	\$ (33.4)	\$ —
Gain (loss) on foreign exchange . . . . .	\$ 2.5	\$ (68.4)

The loss on changes in fair value of financial instruments for the three months ended March 31, 2025 was \$33.4 million. The loss on changes in fair value of financial instruments was due to the change in fair value of the derivative liabilities associated with the warrants issued in conjunction with the Telesat Lightspeed Financing. There was no gain (loss) on changes in fair value of financial instruments for the three months ended March 31, 2024.

The foreign exchange gain for the three months ended March 31, 2025, was \$2.5 million compared to a foreign exchange loss of \$68.4 million for the same period in the prior year, resulting in a positive change of \$70.9 million.

The gain for the three months ended March 31, 2025, was mainly the result of the variation of the U.S. dollar to Canadian dollar spot rate as at March 31, 2025 (\$1.4387), compared to the spot rate as at December 31, 2024 (\$1.4384), and the resulting impact on the translation of our U.S. dollar and Canadian dollar denominated indebtedness and our Canadian dollar derivative warrant liabilities.

The loss for the three months ended March 31, 2024, was mainly the result of a stronger U.S. dollar to Canadian dollar spot rate as at March 31, 2024 (\$1.3540), compared to the spot rate as at December 31, 2023 (\$1.3243), and the resulting unfavorable impact on the translation of our U.S. dollar denominated indebtedness.

### ***Income Taxes***

(\$ millions)	Three months ended March 31,	
	2025	2024
Current tax expense . . . . .	\$ 2.4	\$ 7.9
Deferred tax recovery . . . . .	(1.5)	(1.5)
<b>Tax expense (recovery) . . . . .</b>	<b>\$ 0.9</b>	<b>\$ 6.5</b>

The tax expense (recovery) for the three months ended March 31, 2025, was \$5.6 million lower than the same period in the prior year. The decrease was primarily due to a decrease in operating income.



## ***Backlog***

Our backlog represents future cash inflows from capacity allocation or service delivery contracts. As of March 31, 2025, GEO backlog was \$1.0 billion and represents our expected future revenue from existing GEO 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 of the date of this filing, the expected cash inflows from Telesat Lightspeed capacity allocation and service contracts (without discounting for present value) was \$1.1 billion.

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 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 GEO backlog as at March 31, 2025 to be recognized as follows:

(\$ millions)	Remaining 2025	2026	2027	2028	2029	Thereafter
Backlog . . . . .	\$ 275.0	\$ 234.4	\$ 159.5	\$ 93.6	\$ 73.5	\$ 168.3

## **LIQUIDITY AND CAPITAL RESOURCES**

### ***Cash and Available Credit***

As at March 31, 2025, we had \$797.4 million of cash and short-term investments, including \$549.1 million held in unrestricted subsidiaries. To finance the LEO constellation, we also have in aggregate \$2.2 billion of Telesat Lightspeed Financing available to draw, subject to certain conditions. As at March 31, 2025, we have drawn \$340 million against the Telesat Lightspeed Financing.

### ***Cash Flows from Operating Activities***

Cash flows from operating activities for the three months ended March 31, 2025, was \$138.9 million, a \$62.3 million increase compared to the same period in the prior year. The increase was primarily due to the collection of certain other receivables outstanding from December 2024, partially offset by the decline in revenue.

### ***Cash Flows (used in) generated from Investing Activities***

Cash used in investing activities for the three months ended March 31, 2025 was \$230.6 million. This consisted primarily of payments associated with the Telesat Lightspeed constellation.

Cash used in investing activities for the three months ended March 31, 2024 was \$19.9 million. This consisted primarily of payments associated with the Telesat Lightspeed constellation.

### ***Cash Flows (used in) generated from Financing Activities***

Cash flows from financing activities for the three months ended March 31, 2025 was \$332.5 million. This was primarily due to drawings under the Telesat Lightspeed Financing.

Cash used in financing activities for the three months ended March 31, 2024 was \$3.5 million. This was primarily due to tax withholdings on the settlement of restricted share units.

## Government Grant

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

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

(\$ millions)	Three months ended March 31, 2025	Year ended December 31, 2024
Satellites, property and other equipment .....	\$ 178.1	\$ 1,088.4
Operating expenses .....	18.2	77.4
<b>Total costs incurred.</b> .....	<b>\$ 196.3</b>	<b>\$ 1,165.8</b>

Total research and development costs for Telesat Lightspeed for the three months ended March 31, 2025 increased by \$154.5 million from \$41.8 million to \$196.3 million, when compared to the same period in the prior year.

The variation was primarily driven by an increase in activity in the Telesat Lightspeed program.

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

(\$ millions)	Three months ended March 31, 2025	Year ended December 31, 2024
Satellites, property and other equipment .....	\$ —	\$ 5.4
Operating expenses .....	—	8.0
<b>Total claims</b> .....	<b>\$ —</b>	<b>\$ 13.4</b>

## 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 March 31, 2025 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.

As of March 31, 2025, our Senior Secured Credit Facilities is comprised of the following facility:

#### ***Term Loan B — U.S. Facility***

Telesat Canada’s Term Loan B — U.S. Facility is a US\$1,908.5 million facility maturing in December 2026. As at March 31, 2025, the outstanding balance was US\$1,320.5 million.

Effective 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 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.

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***

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

As at March 31, 2025, the balance outstanding was US\$225.0 million. The indenture governing the Senior Secured Notes includes covenants or terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel our satellite insurance and effect mergers with another entity, in each case subject to exceptions provided in the Senior Secured Notes indenture.

#### ***2026 Senior Secured Notes***

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

As at March 31, 2025, the balance outstanding was US\$387.0 million. The indenture governing the 2026 Senior Secured Notes includes covenants and terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel its satellite insurance, and effect mergers with another entity, in each case subject to exceptions provided in such indenture.

### ***Senior Unsecured Notes***

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

As at March 31, 2025, the balance outstanding was US\$221.3 million. The indenture governing the Senior Unsecured Notes includes covenants or terms that restrict our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain other restricted payments, investments or acquisitions, enter into certain transactions with affiliates, modify or cancel our satellite insurance and effect mergers with another entity, in each case subject to exceptions provided in the Senior Unsecured Notes indenture.

### ***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 GoC and GoQ 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 15<sup>th</sup> 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 with which we must comply.

As consideration for the Telesat Lightspeed Financing, Telesat LEO Inc., before the initial draw on the loan, on November 15, 2024, entered into an agreement with the GoC and the GoQ which irrevocably granted warrants equivalent to 11.87% of common shares in the capital of Telesat LEO Inc. on a fully diluted basis ("Telesat Lightspeed Financing Warrants"). 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 March 31, 2025 was \$82.2 million.

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 March 31, 2025 was \$5.1 million.

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 were met.

As at March 31, 2025, \$343.0 million of the Telesat Lightspeed Financing was outstanding of which \$289.0 million and \$54.0 million was outstanding with the GoC and GoQ, respectively. The balance consists of \$340.0 million of draws combined with \$3.0 million of interest which was capitalized to the principal on the loan facility. The interest capitalized against the loan facility was split between \$2.6 million and \$0.4 million with the GoC and GoQ, respectively.

### ***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***

An estimate of the interest expense is based upon assumptions of foreign exchange rates, SOFR, CORRA and the applicable margins of our Senior Secured Credit Facilities. Our interest expense for the year ending December 31, 2025, is expected to be approximately \$209.4 million. Our interest expense for the Telesat Lightspeed Financing is expected to be \$36.7 million for the year ending December 31, 2025, which is anticipated to be capitalized against the assets under construction. The interest expense excludes the amortization of our deferred financing costs, prepayment options, warrants and loss on repayment.

### ***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 March 31, 2025, there were no interest rate or currency derivatives that were outstanding.

We also have embedded derivatives, on certain of our Telesat Canada debt, 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 March 31, 2025, the fair value of the embedded derivative related to the prepayment option on our Senior Unsecured Notes, Senior Secured Notes and 2026 Senior Secured Notes was \$Nil.

In addition, we also have embedded derivatives associated with the Telesat Lightspeed Financing with the GoC and GoQ. 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.

At their inception on November 15, 2024, the fair value of the embedded derivatives with respect to the Telesat Lightspeed Financing Warrants was \$604.3 million. As at March 31, 2025, the fair value of the embedded derivatives was \$650.5 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.

## 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 or in cases where transactions are in Canadian dollars where the functional currency is 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 combined with the Canadian dollar indebtedness and derivative liabilities held in a subsidiary with other than Canadian functional currency. 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, and in certain cases Canadian currency, exposes us to foreign exchange risks.

For the three-month period ended March 31, 2025, we recorded a mainly non-cash foreign exchange gain of approximately \$2.5 million due to a stronger U.S. to Canadian dollar spot rate (\$1.4387) compared to December 31, 2024 (\$1.4384).

For the three-month period ended March 31, 2024, we recorded a mainly non-cash foreign exchange loss of approximately \$68.4 million due to a stronger U.S. to Canadian dollar spot rate (\$1.3540) compared to December 31, 2023 (\$1.3243).

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

Three months ended March 31,	2025	2024
Revenue . . . . .	47.8%	51.5%
Operating expenses . . . . .	46.8%	46.1%
Interest on our indebtedness . . . . .	93.8%	100.0%

We use, from time to time, 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 March 31, 2025, 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 (decreased) increased our net income (loss) as at March 31, 2025 by \$138.7 million and increased (decreased) our other comprehensive income by \$16.3 million. This would have also increased (decreased) our indebtedness 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 \$23.5 million, increased (decreased) our net income (loss) by \$4.8 million and increased (decreased) our other comprehensive income (loss) by \$18.7 million as at and for the three months ended March 31, 2025.

A five percent increase (decrease) in the value of the U.S. dollar against the Canadian dollar would have increased (decreased) our revenue and certain expenses for the three months ended March 31, 2025, as summarized in the table below:

(\$ millions)	
Revenue . . . . .	\$ 2.8
Operating expenses . . . . .	\$ 1.2
Interest on our indebtedness . . . . .	\$ 2.6

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

Through our Telesat Canada U.S. dollar denominated indebtedness, we are exposed to foreign exchange fluctuations. The following table contains our existing U.S. dollar denominated indebtedness balances at the beginning of each respective period, which are net of our scheduled debt repayments, and based on the foreign exchange rate as at March 31, 2025.

(\$ millions, beginning of period)	Q2 2025	2026	2027	2028	2029
U.S. TLB Facility . . . . .	\$ 1,899.8	\$ 1,899.8	\$ —	\$ —	\$ —
Senior Secured Notes . . . . .	323.7	323.7	323.7	—	—
2026 Senior Secured Notes . . . . .	556.8	556.8	—	—	—
Senior Unsecured Notes . . . . .	318.3	318.3	318.3	—	—
<b>U.S. dollar denominated debt balances . . .</b>	<b>\$ 3,098.7</b>	<b>\$ 3,098.7</b>	<b>\$ 642.0</b>	<b>\$ —</b>	<b>\$ —</b>

Through our Telesat LEO Inc. Canadian dollar denominated indebtedness we are exposed to foreign exchange fluctuations, as Telesat LEO Inc. has a functional currency other than Canadian dollars. The following table contains our existing and anticipated drawings on the Canadian dollar denominated indebtedness balances at the beginning of each respective period, in subsidiaries who have a functional currency other than Canadian dollars. The balances are net of our scheduled debt repayments and anticipated future drawings.

(\$ millions, beginning of period)	Q2 2025	2026	2027	2028	2029	Thereafter
Lightspeed Financing Facilities . . . . .	\$ 343.1	\$ 1,126.7	\$ 1,953.6	\$ 2,852.3	\$ 2,840.3	\$ 2,544.4

### Interest Rate Risk

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

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

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

If the interest rates on our variable rate debt increased (decreased) by 0.25%, the result would be a decrease (increase) of \$1.3 million to our net income (loss) for three months ended March 31, 2025, excluding any impact from interest which would be capitalized against the Lightspeed constellation.

As at March 31, 2025, through our U.S. TLB Facility and our Lightspeed Financing Facility we are exposed to interest rate fluctuations. The following table contains the balances at the beginning of each respective period, net of our scheduled repayments, and based on the foreign exchange rate as at March 31, 2025.

(\$ millions, beginning of period)	Q2 2025	2026	2027	2028	2029	Thereafter
U.S. TLB Facility . . . . .	\$ 1,899.8	\$ 1,899.8	\$ 1,899.8	\$ —	\$ —	\$ —
Lightspeed Financing Facility <sup>(1)</sup> . . . . .	343.1	1,126.7	1,953.6	2,852.3	2,840.3	2,544.4
<b>Debt balances exposed to interest rate fluctuation . . . . .</b>	<b>\$ 2,242.9</b>	<b>\$ 3,026.5</b>	<b>\$ 3,853.4</b>	<b>\$ 2,852.3</b>	<b>\$ 2,840.3</b>	<b>\$ 2,544.4</b>

(1) The contractual cash flows for Telesat Lightspeed Financing include anticipated future drawings and mandatory repayments against the loan.

### ***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 22 of our unaudited interim condensed 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.

(\$ millions)	Three months ended March 31,	
	2025	2024
Net income (loss) . . . . .	\$ (51.5)	\$ (52.3)
Tax expense (recovery) . . . . .	0.9	6.5
(Gain) loss on foreign exchange . . . . .	(2.5)	68.4
(Gain) loss on changes in fair value of financial instruments . . . . .	33.4	—
Interest and other income . . . . .	(6.2)	(21.1)
Other operating (gain) loss . . . . .	(3.9)	—
Interest expense . . . . .	56.7	64.4
Depreciation . . . . .	25.9	36.4
Amortization . . . . .	10.9	2.8
Non-recurring compensation expenses <sup>(1)</sup> . . . . .	0.5	0.2
Non-cash expense related to share-based compensation . . . . .	3.2	5.4
Adjusted EBITDA . . . . .	<u>\$ 67.4</u>	<u>110.7</u>
Revenue . . . . .	\$ 116.7	\$ 152.2
Adjusted EBITDA Margin . . . . .	57.7%	72.8%

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

Adjusted EBITDA for Telesat Corporation decreased by \$43.3 million for the three-month period ended March 31, 2025, when compared to the same period in the prior year. The decrease was primarily due to a decrease in revenues, 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>.

<b>(in \$ millions)</b>	<b>Twelve months ended March 31, 2025</b>
Net income (loss) . . . . .	\$ (301.6)
Impact of unrestricted subsidiaries . . . . .	104.7
Consolidated income for Covenant Purposes . . . . .	(196.9)
<i>Plus:</i>	
Income taxes (Note 1) . . . . .	(25.3)
Interest expense (Note 1) . . . . .	213.4
Depreciation and amortization expense (Note 1) . . . . .	133.8
Non-cash share-based compensation and pension expense (Note 1) . . . . .	17.9
Impairment . . . . .	267.0
Other . . . . .	16.4
<i>Decreased by:</i>	
Gain on repurchase of debt . . . . .	(202.5)
Non-cash (gains) losses resulting from changes in foreign exchange rates (Note 1) . . . . .	188.9
<b>Consolidated EBITDA for Covenant Purposes . . . . .</b>	<b>\$ 412.7</b>

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:

(in \$ millions)	As at March 31, 2025
U.S. dollar denominated debt	
Term Loan B U.S. Facility (US\$) . . . . .	\$ 1,320.5
Senior Unsecured Notes (US\$) . . . . .	221.2
Senior Secured Notes (US\$) . . . . .	225.0
2026 Senior Secured Notes (US\$) . . . . .	387.0
	2,153.7
Foreign exchange adjustment . . . . .	944.8
Subtotal . . . . .	3,098.5
Deferred financing costs and prepayment options . . . . .	(1.4)
<b>Indebtedness</b> . . . . .	<b>\$ 3,097.1</b>
 (in \$ millions)	
<b>Indebtedness</b> . . . . .	<b>\$ 3,097.1</b>
Adjustments for covenant purposes:	
Deferred financing costs and prepayment options . . . . .	1.4
Add: lease liabilities . . . . .	30.9
<b>Consolidated Total Debt</b> . . . . .	<b>3,129.5</b>
Less: Cash and cash equivalents (max. US\$100 million) . . . . .	(143.9)
<b>Consolidated Total Debt for Covenant Purposes</b> . . . . .	<b>\$ 2,985.7</b>
<b>Consolidated Total Debt</b> . . . . .	<b>\$ 3,129.5</b>
Less: Unsecured debt (Senior Unsecured Notes) . . . . .	(318.3)
<b>Consolidated Total Secured Debt</b> . . . . .	<b>2,811.3</b>
Less: Cash and cash equivalents (max. US\$100 million) . . . . .	(143.9)
<b>Consolidated Total Secured Debt for Covenant Purposes</b> . . . . .	<b>\$ 2,667.4</b>

As at March 31, 2025, the Consolidated Total Debt for Covenant Purposes to Consolidated EBITDA ratio, for the purposes of our Senior Secured Credit Facilities was 7.24:1.00. The Consolidated Total Secured Debt to Consolidated EBITDA for Covenant Purposes ratio, for the purposes of our Senior Secured Credit Facilities, was 6.46:1.00.

The consolidated EBITDA for covenant purposes for the Senior Secured Credit Facilities for the twelve months ended March 31, 2024 was \$556.2 million. Detailed information of the calculation is included in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Telesat Corporation Quarterly Report for the three-month period ended March 31, 2024 on Form 6-K furnished with the SEC on May 10, 2024, which can be obtained on the SEC website at <https://www.sec.gov>.

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

## Unaudited Interim Condensed Consolidating Financial Information

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

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

### Unaudited Interim Condensed Consolidating Statements of Income (Loss) For the three months ended March 31, 2025

<i>(in thousands of dollars)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Revenue . . . . .	\$ —	\$ —	\$ —	\$ 92,131	\$ 73,166	\$ 1,734	\$ (50,282)	\$ 116,749
Operating expenses . . . . .	(1,442)	(227)	—	(73,905)	(9,590)	(18,160)	50,282	(53,042)
Depreciation . . . . .	—	—	—	(3,264)	(21,748)	(658)	(239)	(25,909)
Amortization . . . . .	—	—	—	(60)	(8,934)	(85)	(1,820)	(10,899)
Other operating gains (losses), net . . . . .	—	—	—	3,950	—	—	—	3,950
Operating income (loss) . . . . .	(1,442)	(227)	—	18,852	32,894	(17,169)	(2,059)	30,849
Income (loss) from equity investments . . . . .	(48,008)	(47,200)	—	(15,836)	214	—	110,830	—
Interest expense . . . . .	(28)	(44)	—	(53,372)	(4,094)	(96)	970	(56,664)
Interest and other income . . . . .	11	48	—	2,316	582	4,147	(896)	6,208
Gain (loss) on changes in fair value of financial instruments . . . . .	—	—	—	—	—	(33,412)	—	(33,412)
Gain (loss) on foreign exchange . . . . .	(5)	1	—	(224)	196	2,512	—	2,480
Income (loss) before income taxes . . . . .	(49,472)	(47,422)	—	(48,264)	29,792	(44,018)	108,845	(50,539)
Tax (expense) recovery . . . . .	—	(586)	—	1,064	(1,372)	(24)	—	(918)
Net income (loss) . . . . .	<u>\$ (49,472)</u>	<u>\$ (48,008)</u>	<u>\$ —</u>	<u>\$ (47,200)</u>	<u>\$ 28,420</u>	<u>\$ (44,042)</u>	<u>\$ 108,845</u>	<u>\$ (51,457)</u>

### Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss) For the three months ended March 31, 2025

<i>(in thousands of dollars)</i>	Telesat Corporation	Telesat Partnership	Telesat LLC	Telesat Canada	Guarantor subsidiaries	Non- guarantor subsidiaries	Adjustments	Consolidated
Net income (loss) . . . . .	\$ (49,472)	\$ (48,008)	\$ —	\$ (47,200)	\$ 28,420	\$ (44,042)	\$ 108,845	\$ (51,457)
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments . . . . .	1	(1)	—	83	964	284	421	1,752
Other comprehensive income (loss) from equity investments . . . . .	1,330	1,331	—	1,248	138	—	(4,047)	—
Other comprehensive income (loss) . . . . .	1,331	1,330	—	1,331	1,102	284	(3,626)	1,752
Total comprehensive income (loss) . . . . .	<u>\$ (48,141)</u>	<u>\$ (46,678)</u>	<u>\$ —</u>	<u>\$ (45,869)</u>	<u>\$ 29,522</u>	<u>\$ (43,758)</u>	<u>\$ 105,219</u>	<u>\$ (49,705)</u>



**Unaudited Interim Condensed Consolidating Statements of Income (Loss)**  
**For the three months ended March 31, 2024**

<i>(in thousands of dollars)</i>	<b>Telesat Corporation</b>	<b>Telesat Partnership</b>	<b>Telesat LLC</b>	<b>Telesat Canada</b>	<b>Guarantor subsidiaries</b>	<b>Non- guarantor subsidiaries</b>	<b>Adjustments</b>	<b>Consolidated</b>
Revenue. . . . .	\$ —	\$ —	\$ —	\$ 131,864	\$ 84,655	\$ 4,755	\$ (69,099)	\$ 152,175
Operating expenses. . . . .	(650)	(289)	—	(83,992)	(15,778)	(15,502)	69,099	(47,112)
Depreciation. . . . .	—	—	—	(3,363)	(31,725)	(840)	(467)	(36,395)
Amortization. . . . .	—	—	—	(60)	(660)	(81)	(2,022)	(2,823)
Other operating gains (losses), net. . . . .	—	—	—	15	—	—	—	15
Operating income (loss). . . . .	(650)	(289)	—	44,464	36,492	(11,668)	(2,489)	65,860
Income (loss) from equity investments. . . . .	(49,254)	(47,639)	—	35,153	347	—	61,393	—
Interest expense. . . . .	(27)	(104)	—	(61,716)	(3,269)	(1)	687	(64,430)
Interest and other income (expense). . . . .	8	42	—	3,275	1,937	16,472	(606)	21,128
Gain (loss) on foreign exchange. . . . .	(6)	27	—	(66,938)	(60)	(1,436)	—	(68,413)
Income (loss) before income taxes. . . . .	(49,929)	(47,963)	—	(45,762)	35,447	3,367	58,985	(45,855)
Tax (expense) recovery. . . . .	—	(1,291)	—	(1,877)	(1,408)	(1,906)	—	(6,482)
Net income (loss). . . . .	<u>\$ (49,929)</u>	<u>\$ (49,254)</u>	<u>\$ —</u>	<u>\$ (47,639)</u>	<u>\$ 34,039</u>	<u>\$ 1,461</u>	<u>\$ 58,985</u>	<u>\$ (52,337)</u>

**Unaudited Interim Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the three months ended March 31, 2024**

<i>(in thousands of dollars)</i>	<b>Telesat Corporation</b>	<b>Telesat Partnership</b>	<b>Telesat LLC</b>	<b>Telesat Canada</b>	<b>Guarantor subsidiaries</b>	<b>Non- guarantor subsidiaries</b>	<b>Adjustments</b>	<b>Consolidated</b>
Net income (loss). . . . .	<u>\$ (49,929)</u>	<u>\$ (49,254)</u>	<u>\$ —</u>	<u>\$ (47,639)</u>	<u>\$ 34,039</u>	<u>\$ 1,461</u>	<u>\$ 58,985</u>	<u>\$ (52,337)</u>
Other comprehensive income (loss)								
Items that may be reclassified into profit or loss								
Foreign currency translation adjustments. . . . .	(148)	157	—	3,608	3,955	64,271	23,912	95,755
Other comprehensive income (loss) from equity investments. . . . .	71,991	71,834	—	68,226	(32,658)	—	(179,393)	—
Other comprehensive income (loss). . . . .	71,843	71,991	—	71,834	(28,703)	64,271	(155,481)	95,755
Total comprehensive income (loss). . . . .	<u>\$ 21,914</u>	<u>\$ 22,737</u>	<u>\$ —</u>	<u>\$ 24,195</u>	<u>\$ 5,336</u>	<u>\$ 65,732</u>	<u>\$ (96,496)</u>	<u>\$ 43,418</u>

**Unaudited Interim Condensed Consolidating Balance Sheets**  
**As at March 31, 2025**

<i>(in thousands of dollars)</i>	<b>Telesat Corporation</b>	<b>Telesat Partnership</b>	<b>Telesat LLC</b>	<b>Telesat Canada</b>	<b>Guarantor subsidiaries</b>	<b>Non- guarantor subsidiaries</b>	<b>Adjustments</b>	<b>Consolidated</b>
<b>Assets</b>								
Cash and cash equivalent . . . . .	\$ 705	\$ 4,619	\$ —	\$ 171,989	\$ 75,215	\$ 544,843	\$ —	\$ 797,371
Trade and other receivables . . . . .	1,128	—	—	28,849	11,831	20,496	—	62,304
Other current financial assets . . .	—	31	—	542	224	5	(117)	685
Intercompany receivables . . . . .	7,639	1	—	245,045	14,848	121	(267,654)	—
Current income tax recoverable . . . . .	—	1,818	—	25,417	869	706	—	28,810
Prepaid expenses and other current assets . . . . .	630	—	—	6,013	5,611	256,800	(3,286)	265,768
<b>Total current assets . . . . .</b>	<b>10,102</b>	<b>6,469</b>	<b>—</b>	<b>477,855</b>	<b>108,598</b>	<b>822,971</b>	<b>(271,057)</b>	<b>1,154,938</b>
Satellites, property and other equipment . . . . .	—	—	—	78,102	445,424	1,898,507	6,924	2,428,957
Deferred tax assets . . . . .	—	—	—	—	12,572	—	(9,781)	2,791
Other long-term financial assets . . . . .	—	8,465	—	51,678	4,354	81	(51,625)	12,953
Long-term income tax recoverable . . . . .	—	—	—	6,993	—	—	—	6,993
Other long-term assets . . . . .	—	—	—	99,953	—	317,874	—	417,827
Intangible assets . . . . .	—	—	—	302	355,094	188,729	(56,827)	487,298
Investment in affiliates . . . . .	331,180	415,355	—	2,662,082	178,321	—	(3,586,938)	—
Goodwill . . . . .	—	—	—	549,162	—	—	2,064,247	2,613,409
<b>Total assets . . . . .</b>	<b>\$ 341,282</b>	<b>\$ 430,289</b>	<b>\$ —</b>	<b>\$ 3,926,127</b>	<b>\$ 1,104,363</b>	<b>\$ 3,228,162</b>	<b>\$ (1,905,057)</b>	<b>\$ 7,125,166</b>
<b>Liabilities</b>								
Trade and other payables . . . . .	\$ 95	\$ 43	\$ —	\$ 26,584	\$ 7,196	\$ 58,746	\$ —	\$ 92,664
Other current financial liabilities . . . . .	31	—	—	39,689	3,816	—	(117)	43,419
Intercompany payables . . . . .	898	371	—	18,251	236,549	11,585	(267,654)	—
Income taxes payable . . . . .	—	6,336	—	—	264	113	—	6,713
Other current liabilities . . . . .	—	—	—	37,051	27,426	992	(3,286)	62,183
<b>Total current liabilities . . . . .</b>	<b>1,024</b>	<b>6,750</b>	<b>—</b>	<b>121,575</b>	<b>275,251</b>	<b>71,436</b>	<b>(271,057)</b>	<b>204,979</b>
Long-term indebtedness . . . . .	—	—	—	3,097,544	—	255,664	—	3,353,208
Deferred tax liabilities . . . . .	—	—	—	153,622	—	27,748	(8,205)	173,165
Other long-term financial liabilities . . . . .	8,465	209	—	19	55,612	650,493	(51,625)	663,173
Other long-term liabilities . . . . .	—	3,150	—	120,000	157,936	6,083	—	287,169
<b>Total liabilities . . . . .</b>	<b>9,489</b>	<b>10,109</b>	<b>—</b>	<b>3,492,760</b>	<b>488,799</b>	<b>1,011,424</b>	<b>(330,887)</b>	<b>4,681,694</b>
<b>Shareholders' equity . . . . .</b>	<b>331,793</b>	<b>420,180</b>	<b>—</b>	<b>433,367</b>	<b>615,564</b>	<b>2,216,738</b>	<b>(1,574,170)</b>	<b>2,443,472</b>
<b>Total liabilities and shareholders' equity . . . . .</b>	<b>\$ 341,282</b>	<b>\$ 430,289</b>	<b>\$ —</b>	<b>\$ 3,926,127</b>	<b>\$ 1,104,363</b>	<b>\$ 3,228,162</b>	<b>\$ (1,905,057)</b>	<b>\$ 7,125,166</b>

**Unaudited Interim Condensed Consolidating Balance Sheets**  
**As at December 31, 2024**

<i>(in thousands of dollars)</i>	<b>Telesat Corporation</b>	<b>Telesat Partnership</b>	<b>Telesat LLC</b>	<b>Telesat Canada</b>	<b>Guarantor subsidiaries</b>	<b>Non- guarantor subsidiaries</b>	<b>Adjustments</b>	<b>Consolidated</b>
<b>Assets</b>								
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
<b>Total current assets . . . . .</b>	<b>4,040</b>	<b>6,819</b>	<b>—</b>	<b>454,351</b>	<b>96,592</b>	<b>717,808</b>	<b>(258,338)</b>	<b>1,021,272</b>
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
<b>Total assets . . . . .</b>	<b>\$ 392,173</b>	<b>\$ 486,816</b>	<b>\$ —</b>	<b>\$ 3,959,425</b>	<b>\$ 997,799</b>	<b>\$ 3,044,704</b>	<b>\$ (1,935,738)</b>	<b>\$ 6,945,179</b>
<b>Liabilities</b>								
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
<b>Total current liabilities . . . . .</b>	<b>355</b>	<b>6,223</b>	<b>—</b>	<b>93,863</b>	<b>277,709</b>	<b>136,767</b>	<b>(258,339)</b>	<b>256,578</b>
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
<b>Total liabilities . . . . .</b>	<b>8,819</b>	<b>9,649</b>	<b>—</b>	<b>3,469,879</b>	<b>494,854</b>	<b>783,426</b>	<b>(318,153)</b>	<b>4,448,474</b>
<b>Total shareholders' equity . . . .</b>	<b>383,354</b>	<b>477,167</b>	<b>—</b>	<b>489,546</b>	<b>502,945</b>	<b>2,261,278</b>	<b>(1,617,585)</b>	<b>2,496,705</b>
<b>Total liabilities and shareholders' equity . . . . .</b>	<b>\$ 392,173</b>	<b>\$ 486,816</b>	<b>\$ —</b>	<b>\$ 3,959,425</b>	<b>\$ 997,799</b>	<b>\$ 3,044,704</b>	<b>\$ (1,935,738)</b>	<b>\$ 6,945,179</b>

**Unaudited Interim Condensed Consolidating Statements of Cash Flows**  
**For the three months ended March 31, 2025**

<i>(in thousands of dollars)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
<b>Cash flows from (used in) operating activities</b>								
Net income (loss) . . . . .	\$ (49,472)	\$ (48,008)	\$ —	\$ (47,200)	\$ 28,420	\$ (44,042)	\$ 108,845	\$ (51,457)
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation . . . . .	—	—	—	3,264	21,748	658	239	25,909
Amortization . . . . .	—	—	—	60	8,934	85	1,820	10,899
Tax expense (recovery) . . . . .	—	586	—	(1,064)	1,372	24	—	918
Interest expense . . . . .	28	44	—	53,372	4,094	96	(970)	56,664
Interest income . . . . .	(11)	(49)	—	(1,500)	(1,610)	(4,142)	970	(6,342)
(Gain) loss on changes in fair value of financial instruments . . . . .	—	—	—	—	—	33,412	—	33,412
(Gain) loss on foreign exchange . . . . .	5	(1)	—	224	(196)	(2,512)	—	(2,480)
Share-based compensation . . . . .	447	—	—	2,778	373	(357)	—	3,241
(Income) loss from equity investments . . . . .	48,008	47,200	—	15,836	(214)	—	(110,830)	—
(Gain) loss on disposal of assets . . . . .	—	—	—	(3,950)	—	—	—	(3,950)
Deferred revenue amortization . . . . .	—	—	—	(3,750)	(10,657)	—	—	(14,407)
Pension expense . . . . .	—	138	—	771	—	457	—	1,366
Other . . . . .	—	—	—	(102)	(589)	—	—	(691)
Income taxes paid, net of income taxes received . . . . .	—	(103)	—	(127)	(668)	(682)	—	(1,580)
Interest paid, net of interest received . . . . .	(17)	48	—	(34,272)	(458)	3,349	—	(31,350)
Operating assets and liabilities . . . . .	<u>822</u>	<u>(240)</u>	<u>—</u>	<u>(1,297)</u>	<u>5,656</u>	<u>113,905</u>	<u>(74)</u>	<u>118,772</u>
<b>Net cash from (used in) operating activities . . . . .</b>	<b>(190)</b>	<b>(385)</b>	<b>—</b>	<b>(16,957)</b>	<b>56,205</b>	<b>100,251</b>	<b>—</b>	<b>138,924</b>
<b>Cash flows (used in) generated from investing activities</b>								
Cash payments related to satellite programs . . . . .	—	—	—	—	—	(200,313)	—	(200,313)
Cash payments related to property and other equipment . . . . .	—	—	—	(402)	(27)	(34,315)	—	(34,744)
Net proceeds from disposal of assets . . . . .	—	—	—	4,500	—	—	—	4,500
Return of capital to shareholder . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>40,566</u>	<u>—</u>	<u>—</u>	<u>(40,566)</u>	<u>—</u>
<b>Net cash (used in) generated investing activities . . . . .</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>44,664</b>	<b>(27)</b>	<b>(234,628)</b>	<b>(40,566)</b>	<b>(230,557)</b>

**Unaudited Interim Condensed Consolidating Statements of Cash Flows**  
**For the three months ended March 31, 2025 — (Continued)**

<i>(in thousands of dollars)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
<b>Cash flows (used in) generated from financing activities</b>								
Proceeds from indebtedness . . . .	—	—	—	—	—	340,000	—	340,000
Payments of principal on lease liabilities . . . . .	—	—	—	(368)	(147)	—	—	(515)
Satellite performance incentive payments . . . . .	—	—	—	—	(190)	—	—	(190)
Tax withholdings on settlement of restricted and performance share units . . . . .	—	—	—	(5,951)	(432)	(405)	—	(6,788)
Return of capital to shareholder . . . . .	—	—	—	—	(40,566)	—	40,566	—
Dividends paid . . . . .	—	—	—	—	—	—	—	—
<b>Net cash (used in) generated from financing activities. . . .</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,319)</u>	<u>(41,335)</u>	<u>339,595</u>	<u>40,566</u>	<u>332,507</u>
Effect of changes in exchange rate on cash and cash equivalent . . . . .	—	6	—	176	1,306	2,945	—	4,433
Changes in cash and cash equivalents . . . . .	(190)	(379)	—	21,564	16,149	208,163	—	245,307
Cash and cash equivalents, beginning of period. . . . .	<u>895</u>	<u>4,998</u>	<u>—</u>	<u>150,425</u>	<u>59,066</u>	<u>336,680</u>	<u>—</u>	<u>552,064</u>
Cash and cash equivalents, end of period. . . . .	<u>\$ 705</u>	<u>\$ 4,619</u>	<u>\$ —</u>	<u>\$ 171,989</u>	<u>\$ 75,215</u>	<u>\$ 544,843</u>	<u>\$ —</u>	<u>\$ 797,371</u>

**Unaudited Interim Condensed Consolidating Statements of Cash Flows**  
**For the three months ended March 31, 2024**

<i>(in thousands of dollars)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
<b>Cash flows from (used in) operating activities</b>								
Net income (loss) . . . . .	\$ (49,929)	\$ (49,254)	\$ —	\$ (47,639)	\$ 34,039	\$ 1,461	\$ 58,985	\$ (52,337)
Adjustment to reconcile net income (loss) to cash flows from operating activities								
Depreciation . . . . .	—	—	—	3,363	31,725	840	467	36,395
Amortization . . . . .	—	—	—	60	660	81	2,022	2,823
Tax expense (recovery) . . . . .	—	1,291	—	1,877	1,408	1,906	—	6,482
Interest expense . . . . .	27	104	—	61,716	3,269	1	(687)	64,430
Interest income . . . . .	(8)	(42)	—	(3,392)	(2,011)	(16,472)	629	(21,296)
(Gain) loss on foreign exchange . . . . .	6	(27)	—	66,938	60	1,436	—	68,413
Share-based compensation . . . . .	—	—	—	4,817	657	(40)	—	5,434
(Income) loss from equity investments . . . . .	49,254	47,639	—	(35,153)	(347)	—	(61,393)	—
(Gain) loss on disposal of assets . . . . .	—	—	—	(15)	—	—	—	(15)
Deferred revenue amortization . . . . .	—	—	—	(5,879)	(7,780)	—	—	(13,659)
Pension expense . . . . .	—	175	—	1,234	—	—	—	1,409
Other . . . . .	—	—	—	197	—	—	—	197
Income taxes paid, net of income taxes received . . . . .	—	(50)	—	(7,925)	(765)	(2,756)	—	(11,496)
Interest paid, net of interest received . . . . .	(19)	42	—	(36,625)	1,222	17,233	—	(18,147)
Government grant received . . . . .	—	—	—	—	—	1,085	—	1,085
Operating assets and liabilities . . . . .	676	(164)	—	8,265	1,404	(3,205)	(23)	6,953
<b>Net cash from (used in) operating activities . . . . .</b>	<u>7</u>	<u>(286)</u>	<u>—</u>	<u>11,839</u>	<u>63,541</u>	<u>1,570</u>	<u>—</u>	<u>76,671</u>
<b>Cash flows (used in) generated from investing activities</b>								
Cash payments related to satellite programs . . . . .	—	—	—	—	—	(757)	—	(757)
Cash payments related to property and other equipment . . . . .	—	—	—	(1,220)	(174)	(17,884)	—	(19,278)
Government grant received . . . . .	—	—	—	—	—	109	—	109
Return of capital to shareholder . . . . .	—	—	—	40,641	—	—	(40,641)	—
<b>Net cash (used in) generated investing activities . . . . .</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>39,421</u>	<u>(174)</u>	<u>(18,532)</u>	<u>(40,641)</u>	<u>(19,926)</u>



**Unaudited Interim Condensed Consolidating Statements of Cash Flows**  
**For the three months ended March 31, 2024 — (Continued)**

<i>(in thousands of dollars)</i>	<u>Telesat Corporation</u>	<u>Telesat Partnership</u>	<u>Telesat LLC</u>	<u>Telesat Canada</u>	<u>Guarantor subsidiaries</u>	<u>Non- guarantor subsidiaries</u>	<u>Adjustments</u>	<u>Consolidated</u>
<b>Cash flows (used in) generated from financing activities</b>								
Payments of principal on lease liabilities . . . . .	—	—	—	(392)	(186)	(69)	—	(647)
Satellite performance incentive payments . . . . .	—	—	—	(559)	(152)	—	—	(711)
Tax withholdings on settlement of restricted and performance share units . . . . .	—	—	—	(1,963)	(130)	(23)	—	(2,116)
Return of capital to shareholder . . . . .	—	—	—	—	(40,641)	—	40,641	—
<b>Net cash (used in) generated from financing activities. . .</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,914)</u>	<u>(41,109)</u>	<u>(92)</u>	<u>40,641</u>	<u>(3,474)</u>
Effect of changes in exchange rate on cash and cash equivalent . . . . .	15	173	—	4,823	2,374	26,554	—	33,939
Changes in cash and cash equivalents . . . . .	22	(113)	—	53,169	24,632	9,500	—	87,210
Cash and cash equivalents, beginning of period . . . . .	708	7,800	—	280,859	140,561	1,239,161	—	1,669,089
Cash and cash equivalents, end of period . . . . .	<u>\$ 730</u>	<u>\$ 7,687</u>	<u>\$ —</u>	<u>\$ 334,028</u>	<u>\$ 165,193</u>	<u>\$1,248,661</u>	<u>\$ —</u>	<u>\$ 1,756,299</u>

## CURRENT SHARE INFORMATION

The number of shares and stated value of the outstanding Class A common shares and Class B variable voting shares (“Telesat Public shares”), and Class C fully voting shares and Class C limited voting shares (together, the “Class C shares”) as at March 31, 2025, were as follows:

	Number of shares	Stated value
Telesat Public shares . . . . .	14,362,541	\$ 59,631
Class C shares . . . . .	112,841	6,340
	<u>14,475,382</u>	<u>\$ 65,971</u>

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

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

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

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 March 31, 2025.

The number of outstanding stock options, restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”) issued under our Omnibus Plan and Historic Plan as at March 31, 2025 were as follows:

	Historic Plan	Omnibus Plan
Stock Options . . . . .	52,628	757,494
RSUs with time criteria . . . . .	—	479,435
RSUs with time and performance criteria . . . . .	124,080	—
PSUs with time and performance criteria . . . . .	—	430,271
DSUs . . . . .	—	200,433
	<u>176,708</u>	<u>1,867,633</u>

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

During the three months ended March 31, 2025, 443,485 RSUs were settled for 223,671 Telesat Public Shares, on a net settlement basis.

During the three months ended March 31, 2025, 93,454 PSUs were settled for 46,360 Telesat Public Shares.

During the three months ended March 31, 2025, 12,500 Telesat Public Shares were issued in exchange for an equal number of Class A Limited Partnership units (“LP Units”) in the Partnership.

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

	Number of units	Stated value
Class A and Class B LP Units . . . . .	18,309,292	\$ 50,107
Class C LP Units . . . . .	18,098,362	38,893
	<u>36,407,654</u>	<u>\$ 89,000</u>

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

## CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the amounts of revenue and expenses reported for the year. Actual results could differ from these estimates under different assumptions and conditions. For more details on these estimates, refer to Note 4 of our audited consolidated financial statements for the year ended December 31, 2024.

### *Orbital Slot Intangible Assets*

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

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

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

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

The critical accounting judgements and estimates used in the application of our accounting policies are consistent with those outlined in Note 4 of the consolidated financial statements for the year ended December 31, 2024, apart from those outlined above related to the amortization of orbital slot intangible assets.

## 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 3. Quantitative and Qualitative Disclosures About Market Risk**

See Item. 2 Management's Discussion and Analysis of Financial Condition and Results of Operations, and the section "Market Risk".