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June 13, 2024

Consolidated Financial Results for the Fiscal Year Ended April 30, 2024 (Under IFRS)

Company name: Astroscale Holdings Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 186A
 URL: <https://astroscale.com/ja/>
 Representative: Mitsunobu Okada, Representative Director, President and CEO
 Inquiries: Nobuhiro Matsuyama, Director and CFO
 Telephone: +81-3-3626-0085
 Scheduled date of annual general meeting of shareholders: July 30, 2024
 Scheduled date to commence dividend payments: —
 Scheduled date to file annual securities report: July 30, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended April 30, 2024 (from May 1, 2023 to April 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Project Income		Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended										
April 30, 2024	4,667	160.3	2,852	59.1	(11,555)	—	(9,219)	—	(9,181)	—
April 30, 2023	1,792	97.0	1,792	97.0	(9,665)	—	(9,314)	—	(9,264)	—

Note: Project income is calculated by adding revenue from customers and government subsidy income only related to grants for which use is tied to specific projects.

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
April 30, 2024	(9,181)	—	(10,587)	—	(101.45)	(101.45)
April 30, 2023	(9,264)	—	(9,425)	—	(111.16)	(111.16)

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
April 30, 2024	(90.5)	(33.3)	(405.1)
April 30, 2023	(63.9)	(36.8)	(539.1)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
April 30, 2024	24,990	5,401	5,401	21.6	59.45
April 30, 2023	30,437	14,890	14,890	48.9	(379.46)

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 30, 2024	(12,822)	(1,182)	4,145	14,196
April 30, 2023	(7,937)	(1,634)	15,227	22,678

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended April 30, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended April 30, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending April 30, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated financial forecast for the fiscal year ending April 30, 2025 (from May 1, 2024 to April 30, 2025)

(Percentages indicate year-on-year changes.)

	Project Income	
	Millions of yen	%
Annual	18,000	285.7

Note: The Company has omitted consolidated financial forecasts for the second quarter (cumulative) since the Company manages business performance on an annual basis. In addition, the Company discloses full-year forecast only for project income at this time, as the Company considers it difficult to reasonably estimate revenue, each profit (operating profit, profit before tax, profit, and profit attributable to owners of parent), and basic earnings per share at this point. Regarding the details, please refer to “1. Qualitative Information on the Financial Results for the Period under Review (4) Special note regarding forward-looking statements” on page 5 of the attached document.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 companies (Astroscale France SAS)

Excluded: — companies

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2024	90,859,200 shares
As of April 30, 2023	90,048,200 shares

(ii) Number of treasury shares at the end of the period

As of April 30, 2024	— shares
As of April 30, 2023	— shares

(iii) Average number of shares outstanding during the period

Fiscal year ended April 30, 2024	90,504,768 shares
Fiscal year ended April 30, 2023	83,338,578 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

The forecasts and other forward-looking statements contained in this document are based on information currently available to the Group and on certain assumptions that are judged to be reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ materially due to various factors.

(How to obtain the supplementary materials on financial results and the content of the financial results briefing session)

The Company will hold a financial result briefing session for institutional investors and securities analysts on June 13, 2024 and the material to be used in the briefing session will be disclosed on the Company website.

Contents of Attachment

1. Qualitative Information on the Financial Results for the Period under Review.....	2
(1) Summary of Operating Results	2
(2) Consolidated Financial Position.....	4
(3) Consolidated Cash Flows.....	5
(4) Special note regarding forward-looking statements	5
2. Basic Approaches to Selection and Application of Accounting Standards.....	5
3. Condensed Consolidated Financial Statements and Notes to Financial Statements for the Fiscal Year Ended April 30, 2024.....	6
(1) Condensed Consolidated Statement of Financial Position	6
(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income	8
(3) Condensed Consolidated Statements of Changes in Equity	10
(4) Condensed Consolidated Statement of Cash Flows	12
(5) Notes for Condensed Consolidated Financial Statements	14

1. Qualitative Information on the Financial Results for the Period under Review

(1) Summary of Operating Results

Astroscale strives to achieve our vision to secure the “safe and sustainable development of space for the benefit of future generations” through steady progress in business development to drive diversification and growth of the on-orbit servicing business. The Group, Astroscale and its subsidiaries, is committed to “space sustainability” and “customer value creation through ESG-driven management” which are the most important themes for our business.

During the fiscal year ended April 30, 2024, although normalization after COVID-19 has progressed, concerns about a potential economic recession remained strong due to prolonged inflation, which has continued since the previous fiscal year, and heightened interest rates in the United States, Europe, and other countries. Accordingly, equity markets, interest rates, and foreign exchange rates remain volatile, and continue to face uncertainty.

With regards to the on-orbit servicing business environment, we observed acceleration in technology developments and policies driven by international organizations, industry groups and governments across the globe. Awareness of the space debris issue, demand for a framework and commercialization of on-orbit servicing and initiative on space sustainability increased significantly on the back of growing discussions among and announcements from global actors including space agencies. In May 2023, the G7 Leaders’ Communiqué at the G7 Hiroshima Summit 2023 expressed commitment to the safe and sustainable use of outer space and highlighted orbital debris as an urgent issue. In addition, it strongly encouraged further research and development of orbital debris mitigation and remediation technologies, and development of national guidelines and regulatory frameworks for remediation. Global governments and other international organizations were also active in such regulatory activities.

On the back of growing momentum to drive demand for commercial on-orbit servicing from both government and private companies, we have strengthened our manufacturing capacity with the relocation of the Group’s Japanese office in May 2023. This was one of the factors contributing to the award of the ISSA mission from the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Also, in June 2023, we established our new French subsidiary, Astroscale France SAS, and in October 2023, selected Toulouse as on-orbit servicing technical hub aiming to capturing increasing demand in Europe. We intend to expand our local team to drive technology development for on-orbit servicing. In addition, in July 2023, our U.S. subsidiary Astroscale U.S. Inc. obtained a facility clearance allowing it to participate in classified projects in the United States, leading to the award of a contract from the U.S. Space Systems Command in September 2023.

The Group’s overall operation is comprised of a single business unit of On-orbit Servicing Business and segment information is therefore not available. As a result of our efforts to drive technological advancement and business development as well as regulatory initiatives including policy recommendations for foreign governments during the year, the following progress have been made across the four on-orbit services; End-of-Life (EOL), Active Debris Removal (ADR), Life Extension (LEX), and In-situ Space Situational Awareness (ISSA):

The progress of the Group's main mission pipelines during the fiscal year ended April 30, 2024, is as follows.

Project	Service	Progress
ELSA-d	-	ELSA-d which was launched in March 2021 has finalized the de-orbit operations using the remaining operational thrusters and completed the mission in January 2024. Although the technologies demonstrated by the ELSA-d mission are only part of the technologies required for the on-orbit services developed by the Group, this mission successfully proved core technologies successfully including rendezvous and proximity operations (RPO) technology for non-cooperative objects.

ADRAS-J	ISSA	Our Japanese subsidiary Astroscale Japan Inc. has confirmed the successful launch of its commercial debris inspection demonstration satellite, Active Debris Removal by Astroscale-Japan (ADRAS-J) for Phase I of JAXA's Commercial Removal of Debris Demonstration (CRD2) project, in February 2024. ADRAS-J successfully approached several hundred meters to the debris. Based on our understanding, this mission is the first mission ever to directly observe a piece of debris on orbit.
ELSA-M	EOL	Our U.K. subsidiary Astroscale Ltd, through its partnership with a global satellite communications provider, Network Access Associates Limited (Eutelsat OneWeb), is leading the development of ELSA-M, a satellite with advanced capabilities of ELSA-d, which has been successfully demonstrated in orbit, that can remove multiple satellites in a single mission. This mission is funded by ESA as the Sunrise Programme to develop technologies for future generation telecommunication. Astroscale Ltd has been awarded and currently proceeding with Sunrise Phase 3 (approx. €14.8 million*) and has submitted a bid for Phase 4. The Group is currently engaged in negotiations with a number of satellite companies, including satellite constellations, as well as governments on installing docking plates with an eye on future commercial service, earning the attention of governments and commercial satellite companies. It has been agreed that Eutelsat OneWeb and Orbit Fab, Inc. will install docking plates to their satellites. Globalstar, Inc. has decided to install docking plates made by another company that ELSA-M can magnetically capture. In July 2023, a partnership agreement was concluded to install the Group's docking plates on satellites manufactured by Astro Digital US Inc. Furthermore, changes in the regulatory environment, such as the FCC's 5-year rule and the FCC's fine against DISH Operating L.L.C., have increased the need for docking plates, and we have begun negotiations with several companies.
COSMIC	ADR	Astroscale Ltd has been developing the Cleaning Outer Space Mission through Innovative Capture (COSMIC) Phase B funded by the UK Space Agency (approx. £2.0 million*) and completed System Requirement Review (SRR) in September 2023 and the payload Preliminary Design Review (PDR) in April 2024.
SBIR	ISSA	Astroscale Japan Inc. has been selected by the MEXT under the SBIR program for a large-scale technology demonstration project for developing technologies to reduce space debris in September 2023. The maximum grant amount for Phase I of the project is ¥2.69 billion, and a maximum of ¥12 billion will be granted in aggregate through all phases of the project (*).
APS-R	LEX	Astroscale U.S. Inc. has been awarded a program from Space Systems Command to develop a prototype satellite for refueling on geostationary orbit (approx. \$25.5 million*) in September 2023.
ADRAS-J2	ADR	Astroscale Japan Inc. completed the Front-Loading Technology Study in Phase II of the JAXA's Commercial Removal of Debris Demonstration (CRD2) Project and selected as the commercial partner for Phase II of CRD2 Project in April 2024. This program is a follow-on mission of Phase I of CRD2 which is under demonstration. It will include capture and deorbit in addition to the rendezvous operations to approach and observe an upper stage of a Japanese rocket body.

LEXI-P	LEX	<p>Astroscale U.S. is leading the development of LEXI-P, our first commercial life extension servicer, having completed the payload Preliminary Design Review (PDR) and mission PDR and entering the Critical Design Review (CDR) phase of development. The team has selected a bus supplier, completed the bus PDR, and will further accelerate the development going forward.</p> <p>Astroscale U.S. Inc. has been negotiating with a certain customer to provide LEX service and has agreed and signed a non-binding term sheet which outlines the main contract terms and conditions in December 2023 (Expected contract amount: \$121 million*).</p>
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(*) We have listed contract values with respect to binding contracts, or projected contract amounts with respect to phases not yet subject to binding contracts, and our actual revenue may differ from these amounts for numerous reasons, including that we may fail to complete relevant milestones, customers may terminate prior to completion and, with respect to un-contracted phases, that we may not be able to conclude binding contracts on the terms we anticipate or at all.

As a result, for the fiscal year ended April 30, 2024, revenue was JPY 2,852,561 thousand, operating loss was JPY 11,555,724 thousand, loss before income tax was JPY 9,219,842 thousand mainly due to foreign exchange gains (finance income) of JPY 2,756,182 thousand and interest expenses (finance costs) of JPY 488,235 thousand, and loss attributable to owners of the parent was JPY 9,181,329 thousand. For reference, project income* for the fiscal year ended April 30, 2024 was JPY 4,667,085 thousand (of which, government subsidy income is JPY 1,814,524 thousand).

(*) We present above project income, which includes revenue from customers and government subsidy income only related to grants for which use is tied to specific projects. We believe project income provides investors with additional information in relation to the sources of income derived from our project-related activities, as we pursue a wide range of project activities regardless of the funding scheme. Management monitors project income as the primary indicator of income of project-related activities. Project income is not a financial measure prescribed by IFRS but is a supplemental financial measure that we believe is useful for investors to assess income derived from projects and their funding sources. However, non-IFRS measures have a number of important limitations and should not be viewed as a substitute for financial information prepared in accordance with IFRS. Due to the limitations inherent in non-IFRS measures, investors should not solely rely on non-IFRS measures in assessing our performance and financial condition.

(2) Consolidated Financial Position

Changes in assets, liabilities and equity recorded as of April 30, 2024 are as follows:

Total Assets

Total current assets were JPY 17,746,116 thousand, a decrease of JPY 6,671,130 thousand from the end of the previous fiscal year. This was mainly due to a decrease of JPY 8,482,763 thousand in cash and cash equivalents.

Total non-current assets were JPY 7,244,692 thousand, an increase of JPY 1,224,279 thousand from the end of the previous fiscal year. This was mainly due to an increase of JPY 1,063,766 thousand in property, plant and equipment to strengthen development facilities.

As a result, total assets were JPY 24,990,809 thousand, a decrease of JPY 5,446,850 thousand from the end of the previous fiscal year.

Total Liabilities

Total current liabilities were JPY 8,864,425 thousand, an increase of JPY 1,877,129 thousand from the end of the previous fiscal year. This was mainly due to a decrease of JPY 1,654,849 thousand in provisions, while trade and other payables increased by JPY 1,271,152 thousand.

Total non-current liabilities were JPY 10,725,026 thousand, an increase of JPY 2,165,258 thousand from the end of the previous fiscal year. This was mainly due to an increase of JPY 1,900,040 thousand in loan payable.

As a result, total liabilities were JPY 19,589,452 thousand, an increase of JPY 4,042,388 thousand from the end of the previous fiscal year.

Total Equity

Total equity was JPY 5,401,357 thousand, a decrease of JPY 9,489,238 thousand from the end of the previous fiscal year. This was mainly due to an increase of JPY 500,000 thousand in share capital and capital surplus, respectively, as a result of the issuance of new shares, and a decrease of JPY 9,181,329 thousand in retained earnings as a result of the loss for the period

(3) Consolidated Cash Flows

Cash and cash equivalents were JPY 14,196,227 thousand, a decrease of JPY 8,482,763 thousand from the end of the previous fiscal year.

Cash flow recorded through the fiscal year ended April 30, 2024 and main factors are as follows:

Cash flow from operating activities

Cash flow from operating activities decreased our cash by JPY 12,822,877 thousand. This was mainly due to losses before taxation of JPY 9,219,842 thousand.

Cash flow from investing activities

Cash flow from investing activities decreased our cash by JPY 1,182,820 thousand. This was mainly due to purchase of property, plant and equipment of JPY 1,082,355 thousand.

Cash flow from financing activities

Cash flow from financing activities increased our cash by JPY 4,145,924 thousand. This was mainly due to proceeds from issuance of shares of JPY 996,500 thousand and proceeds from long-term borrowings of JPY 2,000,000 thousand, while there was a net decrease in short-term loans payable of JPY 1,424,000 thousand.

(4) Special note regarding forward-looking statements

The Group is concurrently receiving orders for and developing multiple missions at its entities in each country. Please refer to “1. Qualitative Information on the Financial Results for the Period under Review (1) Summary of Operating Results” for the specific major pipelines.

All of these major pipelines are large projects, and the method of revenue recognition and expense recognition will vary depending on the details of the contracts. Therefore, we have determined that it is difficult to reasonably estimate revenue, profits (operating profit, profit before tax, profit, and profit attributable to owners of parent), and basic earnings per share at this time, and have decided to disclose full-year forecasts only for project income.

As a result, for the fiscal year ending April 2025, the Company forecasts project income of 18,000 million yen (increase of 285.7% year-on-year). On June 5, 2024, the Company announced in the “Notice of Financial Results of the Company in connection with Listing on the Growth Market of Tokyo Stock Exchange” in Japanese that the fiscal year in which the provision for loss on order received in relation to the contract acquisition for ELSA-M Phase 4 may be recorded in the fiscal year ended April 2024 or in the fiscal year ending April 2025. We expect such provisions to be recorded in the fiscal year ending April 2025, not in the fiscal year ended April 2024. If any event requiring disclosure arises in the future, we will promptly disclose such information.

2. Basic Approaches to Selection and Application of Accounting Standards

The Group has adopted the International Financial Reporting Standards (IFRS) for the purpose of enhancing the international comparability and usage of financial information, improving the quality of group management, strengthening governance and achieving strategic business growth around the globe.

3. Consolidated Financial Statements and Notes to Financial Statements

(1) Consolidated Statement of Financial Position

	(Thousands of yen)	
	As of April 30, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and cash equivalents	22,678,990	14,196,227
Trade and other receivables	472,477	1,044,611
Contract assets	496,634	794,778
Income taxes receivable	375,318	927,960
Other assets	393,824	782,538
Total current assets	24,417,246	17,746,116
Non-current assets		
Property, plant and equipment	5,151,103	6,214,870
Intangible assets	138,994	220,550
Goodwill	422,425	487,146
Financial assets	303,159	321,980
Other assets	4,730	145
Total non-current assets	6,020,413	7,244,692
Total assets	30,437,660	24,990,809

(Thousands of yen)

	As of April 30, 2023	As of April 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,674,761	2,945,913
Contract liabilities	253,326	—
Deferred income	—	923,561
Loans payable	988,990	2,487,960
Income taxes payable	1,280	3,530
Provisions	3,726,515	2,071,666
Lease liabilities	226,968	239,442
Other liabilities	115,454	192,352
Total current liabilities	6,987,296	8,864,425
Non-current liabilities		
Loans payable	5,475,010	7,375,050
Provisions	43,617	271,635
Lease liabilities	3,041,140	3,078,341
Total non-current liabilities	8,559,768	10,725,026
Total liabilities	15,547,064	19,589,452
Equity		
Share capital	100,000	100,000
Capital surplus	19,643,073	7,858,848
Retained earnings (deficit)	(4,287,627)	(679,294)
Other components of equity	(564,850)	(1,878,196)
Total equity attributable to owners of parent	14,890,596	5,401,357
Non-controlling interests	—	—
Total equity	14,890,596	5,401,357
Total liabilities and equity	30,437,660	24,990,809

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statements of Profit or Loss

	(Thousands of yen)	
	Fiscal year ended April 30, 2023	Fiscal year ended April 30, 2024
Revenue	1,792,991	2,852,561
Cost of sales	(6,988,549)	(5,097,855)
Gross profit (loss)	(5,195,557)	(2,245,294)
Selling, general and administrative expenses	(7,408,212)	(11,696,433)
Other income	2,938,141	2,386,002
Operating profit (loss)	(9,665,628)	(11,555,724)
Finance income	507,186	2,824,117
Finance costs	(155,558)	(488,235)
Profit (loss) before tax	(9,314,001)	(9,219,842)
Income tax (expense) benefit	49,734	38,513
Profit (loss)	(9,264,266)	(9,181,329)
Profit (loss) attributable to:		
Owners of parent	(9,264,266)	(9,181,329)
Non-controlling interests	—	—
Profit (loss)	(9,264,266)	(9,181,329)
		(Yen)
Earnings per share		
Basic earnings (loss) per share	(111.16)	(101.45)
Diluted earnings (loss) per share	(111.16)	(101.45)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended April 30, 2023	Fiscal year ended April 30, 2024
Profit (loss)	(9,264,266)	(9,181,329)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(161,678)	(1,406,648)
Total of items that may be reclassified to profit or loss	(161,678)	(1,406,648)
Total other comprehensive income (loss)	(161,678)	(1,406,648)
Comprehensive income (loss)	(9,425,945)	(10,587,977)
Comprehensive income (loss) attributable to:		
Owners of parent	(9,425,945)	(10,587,977)
Non-controlling interests	—	—
Comprehensive income (loss)	(9,425,945)	(10,587,977)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended April 30, 2023

(Thousands of yen)

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Other components of equity						Total	Total	Total equity		
	Share capital	Capital surplus	Retained earnings (deficit)	Share acquisition rights	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations					
Balance as of May 1, 2022	100,000	14,881,962	(487,614)	108,963	(14,999)	(496,557)	(402,594)	14,091,753	—	14,091,753	
Loss			(9,264,266)					(9,264,266)		(9,264,266)	
Other comprehensive income (loss)						(161,678)	(161,678)	(161,678)		(161,678)	
Total comprehensive income (loss)	—	—	(9,264,266)	—	—	(161,678)	(161,678)	(9,425,945)	—	(9,425,945)	
Issuance of new shares	5,112,591	5,112,591						10,225,183		10,225,183	
Share issuance costs		(35,788)						(35,788)		(35,788)	
Capital reduction	(5,128,522)	5,128,522						—		—	
Deficit disposition		(5,460,145)	5,460,145					—		—	
Share-based payment transactions				4,265			4,265	4,265		4,265	
Exercise of share acquisition rights	15,930	15,930		(733)			(733)	31,128		31,128	
Forfeiture of share acquisition rights			4,109	(4,109)			(4,109)	—		—	
Total transactions with owners and other transactions	—	4,761,111	5,464,254	(577)	—	—	(577)	10,224,788	—	10,224,788	
Balance as of April 30, 2023	100,000	19,643,073	(4,287,627)	108,385	(14,999)	(658,236)	(564,850)	14,890,596	—	14,890,596	

Fiscal year ended April 30, 2024

(Thousands of yen)

	Equity attributable to owners of parent										
	Share capital	Capital surplus	Retained earnings (deficit)	Share acquisition rights	Other components of equity			Total	Total	Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations					
Balance as of May 1, 2023	100,000	19,643,073	(4,287,627)	108,385	(14,999)	(658,236)	(564,850)	14,890,596	—	—	14,890,596
Loss			(9,181,329)					(9,181,329)			(9,181,329)
Other comprehensive income (loss)						(1,406,648)	(1,406,648)	(1,406,648)			(1,406,648)
Total comprehensive income (loss)	—	—	(9,181,329)	—	—	(1,406,648)	(1,406,648)	(10,587,977)			(10,587,977)
Issuance of new shares	500,000	500,000						1,000,000			1,000,000
Share issuance costs		(3,500)						(3,500)			(3,500)
Capital reduction	(501,719)	501,719						—			—
Deficit disposition		(12,784,164)	12,784,164					—			—
Share-based payment transactions				99,037			99,037	99,037			99,037
Exercise of share acquisition rights	1,719	1,719		(238)			(238)	3,201			3,201
Forfeiture of share acquisition rights			5,496	(5,496)			(5,496)	—			—
Total transactions with owners and other transactions	—	(11,784,224)	12,789,661	93,302	—	—	93,302	1,098,738	—	—	1,098,738
Balance as of April 30, 2024	100,000	7,858,848	(679,294)	201,687	(14,999)	(2,064,884)	(1,878,196)	5,401,357	—	—	5,401,357

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	Fiscal year ended April 30, 2023	Fiscal year ended April 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	(9,314,001)	(9,219,842)
Depreciation and amortization of intangible assets	455,348	739,719
Decrease (increase) in trade and other receivables	(894,717)	(1,738,356)
Increase (decrease) in trade and other payables	1,045,647	881,868
Increase (decrease) in provisions	1,067,256	(1,952,634)
Share-based payment expenses	4,265	99,037
Interest income	(7,712)	(67,934)
Interest expenses	155,558	488,235
Government subsidy income	(148,287)	(1,814,524)
Insurance income	(2,611,114)	—
Foreign exchange loss (gain)	(268,889)	(2,696,042)
Other	10,702	2,500
Subtotal	(10,505,943)	(15,277,973)
Interest received	7,712	67,934
Interest paid	(233,207)	(493,238)
Proceeds from government subsidy income	148,462	2,881,702
Proceeds from insurance income	2,612,427	—
Income taxes refund (paid)	32,957	(1,302)
Net cash used in operating activities	(7,937,591)	(12,822,877)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,528,567)	(1,082,355)
Purchase of intangible assets	(10,690)	(87,510)
Payments of leasehold deposits	(95,472)	(12,954)
Net cash used in investing activities	(1,634,729)	(1,182,820)

Cash flows from financing activities		
Proceeds from issuance of shares	10,189,395	996,500
Proceeds from exercise of share acquisition rights	31,128	3,201
Net increase (decrease) in short-term loans payable	20,433	1,424,000
Proceeds from long-term loans payable	5,000,000	2,000,000
Repayments of long-term borrowings	—	(24,990)
Repayments of lease liabilities	(13,338)	(252,786)
Net cash provided by financing activities	15,227,617	4,145,924
Effect of exchange rate changes on cash and cash equivalents	154,678	1,377,010
Net increase (decrease) in cash and cash equivalents	5,809,975	(8,482,763)
Cash and cash equivalents at the beginning of year	16,869,015	22,678,990
Cash and cash equivalents at the end of year	22,678,990	14,196,227

(5) Notes for Condensed Consolidated Financial Statements

1. Notes Concerning Going Concern Assumption

Not applicable.

2. Changes in Accounting Policies

Not applicable.

3. Changes in Accounting Estimates

Not applicable.

4. Segment Information

(1). Overview of reportable segment

The Group undertakes research and development in technologies regarding on-orbit services such as debris removal and the demonstration in outer space.

These on-orbit services developed by the Group have common underlying technologies, though there are different types depending on the orbits on which target debris or satellites exist, and service contents provided with targeting them. Accordingly, the Group's senior management decision-making body reviews operating results to determine the allocation of management resources and evaluate the business performance, targeting the entire on-orbit servicing business. Therefore, the Group considers the business segment as a single segment of the on-orbit servicing business and single reportable segment, and omitted information by reportable segment.

(2). Information about products and services

Revenue from external customers for each product and service are as follows.

	(Thousands of yen)	
	Fiscal year ended April 30, 2023	Fiscal year ended April 30, 2024
Project revenue (Note 1)	1,689,876	2,771,567
Other revenue (Note 2)	103,115	80,993
Total	<u>1,792,991</u>	<u>2,852,561</u>

Notes: 1. Project revenue includes revenues earned from research and development projects and demonstration projects related to the on-orbit services developed by the Group.

2. Other revenue includes income from sponsorship such as logo placement.

5. Earnings per Share

Basic earnings (loss) per share and diluted earnings (loss) per share for the fiscal years ended April 30, 2023 and 2024 are as follows.

	Fiscal year ended April 30, 2023	Fiscal year ended April 30, 2024
Profit (loss) attributable to ordinary shareholders of parent used to calculate basic earnings per share (Thousands of yen)	(9,264,266)	(9,181,329)
Adjustment to profit	—	—
Profit (loss) attributable to ordinary shareholders of parent used to calculate diluted earnings per share (Thousands of yen)	(9,264,266)	(9,181,329)
Basic average number of ordinary shares during period (Shares)	83,338,578	90,504,768
Effect of dilutive securities	—	—
Diluted average number of ordinary shares during period	83,338,578	90,504,768
Earnings (loss) per share (Yen)		
Basic loss per share	(111.16)	(101.45)
Diluted loss per share	(111.16)	(101.45)

- Notes: 1. For the fiscal years ended April 30, 2023 and 2024, share acquisition rights issued by the Company were anti-dilutive. The amount of basic earnings (loss) per share is therefore equal to the amount of diluted earnings (loss) per share since the Company had no dilutive potential shares.
2. Since class shares issued by the Company in the fiscal years ended April 30, 2023 and 2024 carry the same rights to distributions of profit as ordinary shares, such shares were included in the number of ordinary shares used to calculate earnings per share.

6. Significant subsequent events

(1). Issuance of new shares by public offering

The Company has been listed on the Growth Market of the Tokyo Stock Exchanges on March 29, 2023. In the course of the initial public offering, the Board of Directors of the Company resolved the new shares issuance at the meeting held on February 28 and March 12, 2023, respectively. The proceeds have been fully paid on March 28, 2023. As a result, the share capital and the number of outstanding shares by the Company increased to JPY 507,238 thousand and 56,986,200 shares, respectively.

Method of Offering	Public offering by way of the book building method to investors in Japan and overseas (however, in the 0U.S., only sales to qualified institutional investors in accordance with Rule 144A under the U.S. Securities Act of 1933)
Type and numbers of share issued	Common shares 22,169,200 shares In which allocated to domestic: 12,486,200 shares In which allocated to overseas: 9,683,000 shares
Issue price	850 yen per share
Subscription price	Domestic: 793.47 yen per share Overseas: 793.47 yen per share This price represents the amount received by the Company from the underwriters as payment for each new share. The aggregate amount of the difference between the issue price and the subscription price will be the proceeds of the underwriters.
Amount paid	Domestic: 637.5 yen per share Overseas: 637.5 yen per share This amount is the amount to be paid under the Companies Act and was determined at the Board of Directors meeting held on May 1, 2024.
Amount incorporated in share capital	Domestic: 396.735 yen per share Overseas: 396.735 yen per share
Total amount paid	14,132,865 thousand yen This amount is the amount to be paid under the Companies Act.
Total amount incorporated in share capital	8,795,297 thousand yen
Total amount incorporated in capital surplus	8,795,297 thousand yen
Total amount paid in	17,590,595 thousand yen
Due date of payment	June 4, 2024
Use of proceeds	The proceeds will be allocated to project development expenses, research and development expenses, and working capital for further growth of the Group's on-orbit services. Since the Group's main business operations are conducted by the Company's consolidated subsidiaries, the funds will be used through investments in and loans to the consolidated subsidiaries.

(2). Allotment of new shares to the third party

The board of directors of the Company resolved the allotment of new shares to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd by way of a third-party allocation of shares on May 1 and May 20, 2024 for the purpose that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd returns the ordinary shares borrowed from Mitsunobu Okada of a shareholder of the Company in the course of the over-allotment in the initial public offering.

Type and numbers of share issued	Common shares 3,124,900 shares
Subscription price	793.47 yen per share
Amount paid	637.5 yen per share
Amount incorporated in share capital	396.735 yen per share
Total amount paid	2,479,514 thousand yen
Total amount incorporated in share capital	1,239,757 thousand yen
Total amount incorporated in capital surplus	1,239,757 thousand yen
Due date of payment	July 2, 2024
Use of proceeds	The proceeds will be allocated to project development expenses, research and development expenses, and working capital for further growth of the Group's on-orbit services. Since the Group's main business operations are conducted by the Company's consolidated subsidiaries, the funds will be used through investments in and loans to the consolidated subsidiaries.