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December 13, 2024

Consolidated Financial Results for the Six Months Ended October 31, 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
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Scheduled date to file semi-annual securities report: December 13, 2024
Scheduled date to commence dividend payments: ―
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 six months ended October 31, 2024 (from May 1, 2024 to October 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Project Income		Revenue		Operating profit		Profit before tax		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2024	2,520	101.2	725	(40.9)	(12,121)	―	(12,946)	―	(12,946)	―
October 31, 2023	1,252	63.9	1,227	60.5	(4,579)	―	(2,929)	―	(2,929)	―

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
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
October 31, 2024	(12,946)	―	(12,579)	―	(116.35)	(116.35)
October 31, 2023	(2,929)	―	(3,796)	―	(32.49)	(32.49)

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
October 31, 2024	39,502	12,991	12,991	32.9
April 30, 2024	24,990	5,401	5,401	21.6

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2024	—	0.00	—	0.00	0.00
Fiscal year ending April 30, 2025	—	0.00			
Fiscal year ending April 30, 2025 (Forecast)			—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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		Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Annual	12,000	157.1	8,000	180.4	(17,000)	—	(18,500)	—	(18,500)	—

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Annual	(18,500)	—	(162.31)

Note: 1. Revisions to the consolidated financial forecast most recently announced: Yes
Please refer to “Notice Regarding Revision to Consolidated Financial Forecast for the Fiscal Year Ending April 2025” published today and “1. Qualitative Information on the Financial Results for the Period under Review (4) Special note regarding forward-looking statements” on page 7 of the attached document regarding the revision of the consolidated financial forecasts.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: － companies
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 October 31, 2024	116,723,300 shares
As of April 30, 2024	90,859,200 shares

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

As of October 31, 2024	－ shares
As of April 30, 2024	－ shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended October 31, 2024	111,273,849 shares
Six months ended October 31, 2023	90,161,243 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 results briefing session for institutional investors and securities analysts on Friday, December 13, 2024, and the financial results presentation materials to be used in the briefing will be disclosed via TDnet and on the Company's website on the same day.

The video and script of the briefing session will be disclosed on the Company's website after the briefing session so that retail investors can also view them.

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

(1) Overview of Operating Results

The deterioration of the space environment due to an increase in space debris is an urgent issue for all nations. According to a June 2024 publication by the European Space Agency (ESA), the number of space debris larger than 10 cm is estimated to be more than 40,500 pieces and continues to grow each year. Furthermore, in the six months ending October 31, 2024, at least five breakups of large objects were observed in orbit, highlighting the increasing severity of the issue.

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, need 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 June 2024, the G7 Leaders' Communiqué announced at the G7 Apulia Summit followed the footsteps of the G7 Hiroshima Summit in May 2023 which mentioned the issue of space debris for the first time by welcoming national efforts to develop further solutions for space debris mitigation and remediation, including further research and development of orbital debris mitigation and remediation technologies, and the development of space sustainability standards and regulations. The U.S. Federal Communications Commission (FCC) revisited the debris reduction guidelines, which had been established in 2004 for frequency allocation, and issued an order (the "5-year rule") in September 2022, requiring the removal of spacecraft from orbit within five years of their operational end. After a two-year grace period, this 5-year rule is now applicable to satellites launched on or after September 30, 2024. Additionally, the "Pact for the Future" was adopted by the United Nations General Assembly with the participation of all 193 member states at the United Nations Summit of the Future held in September 2024. The action goal 56 of the pact stipulates to strengthen international cooperation for the exploration and use of outer space. Ensuring the safe and sustainable use of space is emphasized as crucial for achieving the SDGs 2030 Agenda. It is decided that the establishment of a new framework for space debris and other related issues should be discussed at the United Nations Committee on the Peaceful Uses of Outer Space (UN COPUOS). Furthermore, stakeholders, including the relevant private sectors, are urged to engage in government processes to enhance the safety and sustainability of space.

According to a publication in July 2024 by the Space Foundation, a nonprofit organization, the global space economy grew by 7.4% in 2023. Commercial revenues accounted for 78% of the space economy, while government spending maintained double-digit percentages growth for the third consecutive year. In Japan, the JAXA Space Strategy Fund, which is estimated to be worth 1 trillion yen in total, has started to request for proposals on several themes from July 2024. We are anticipating further expansion in the space economy through these initiatives.

Amid growing global momentum to promote policies driving demand for space-related spending and on-orbit servicing from both governments and private companies, our group has signed several key contracts. In July 2024, we secured the final phase (Phase 4) of the ELSA-M project under the Sunrise Programme, which is a part of the ESA's Advanced Research in Telecommunications Systems (ARTES) programme. In August 2024, we signed a contract for Phase II of the Commercial Debris Removal Demonstration (CRD2) with the Japan Aerospace Exploration Agency (JAXA). In September 2024, we entered into a contract for COSMIC Phase 2 with the UK Space Agency. We position these contracts as important missions that will contribute to the development and commercialization of on-orbit services in the future. We lead the on-orbit service industry in terms of contracts awarded, with multiple projects secured in various countries. Having successfully demonstrated core RPO technology twice, we continue to maintain our pioneering position as a leading company in the field of on-orbit servicing.

Our overall operation is comprised of a single business unit of On-orbit Servicing Business and therefore segment information is 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 period, the following progress have been made across the four on-orbit services; End-of-Life Services (EOL), Active Debris Removal (ADR), Life Extension Services (LEX), and In-situ Space Situational Awareness (ISSA):

The progress of the Group's main mission pipelines during the six months ended October 31, 2024, is as follows.

Project	Service	Progress
ADRAS-J	ISSA	Our Japanese subsidiary Astroscale Japan Inc. 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 CRD2 project, in February 2024. - April 2024 Successfully approached to several hundred meters behind the debris and captured images of the debris during the process. - June to July 2024 Successfully approached the debris to a distance of approximately 50 meters and conducted fixed-point observations from that distance. Then, while maintaining a distance of approximately 50 meters, conducted a fly-around observation and captured images from various angles. Fly-around observation involves flying around an object while maintaining a controlled fixed point relative position which is a very advanced form of RPO (rendezvous and proximity operations) technology. Based on our understanding, this is the world's first demonstration of a direct observation of debris on orbit including capturing images at a close distance.
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. This is a satellite that can remove multiple satellites in a single mission, with capabilities further advanced from ELSA-d, which has been successfully demonstrated on orbit. Astroscale Ltd has been progressing Sunrise Phase 3 (€14.79 million*) and has signed a contract for Phase 4 (€13.95 million*) in July 2024. This Phase 4 includes phases from satellite manufacturing to on-orbit demonstration. We are also currently engaged in negotiations with a number of satellite companies and governments on installing docking plates with an eye on future commercial service.
COSMIC	ADR	Astroscale Ltd has completed the Cleaning Outer Space Mission through Innovative Capture (COSMIC) Phase B funded by the UK Space Agency (approx. £2.0 million*) and submitted a bid for the subsequent phase. On September 5, 2024, the contract for COSMIC Phase 2 was signed (£1.95 million*). COSMIC Phase 2 is a subsequent phase of the mission, focusing on maturing and de-risking the key technologies, previously referred to as COSMIC Phase C. It is anticipated that a separate tender will be held for the ADR mission phase.

ISSA-J1 (Formerly SBIR)	ISSA	Astroscale Japan Inc. was selected by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) in September 2023 under the Small/Startup Business Innovation Research (SBIR) program to conduct a large-scale technology demonstration project for developing technologies to reduce space debris. Astroscale Japan Inc. has been steadily progressing with Phase 1 of this project. In November 2024, in the period after the six months ended October 31, 2024, it has been decided the grant amount for Phase 1 was reduced in ¥812 million, and an advance grant application for the same amount was submitted for Phase 2. As a result of discussions with the Green Investment Promotion Organization (GIO) regarding the scope of the grant amount, it was concluded that grant funding should be applied for based on delivery of final products from suppliers rather than at the timing of milestones, which is customary under the milestone payment method in which suppliers are paid when each milestone is achieved. After this change, there is no change in the total grant amount (up to ¥12,000 million*) and the project period (up to the end of March 2028) throughout all three phases of the project.
APS-R	LEX	Our U.S. subsidiary Astroscale U.S. Inc. has been steadily proceeding with a program to develop a prototype satellite for refueling on orbit awarded from the Space Systems Command in September 2023. The contract amount was increased from $25.5 million to $26.9 million on June 17, 2024, and further increased to $29.4 million* on September 26, 2024.
ADRAS-J2	ADR	This program is Phase II of CRD2 and is a follow-on mission of ADRAS-J which is under demonstration by Astroscale Japan Inc. It will include capture and deorbit in addition to the rendezvous operations to approach and observe an upper stage of a Japanese rocket body. On August 20, 2024, Astroscale Japan Inc. signed the contract for CRD2 Phase II (¥12,000 million*) with JAXA.
LEXI-P	LEX	Astroscale U.S. is leading the development of LEXI-P, our first commercial life extension servicer, and has been steadily proceeding towards the Payload Critical Design Review (CDR) phase of development. Astroscale U.S. Inc. has continued negotiating with a certain customer which 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*) to provide LEX service.
Project A	LEX	A bid has been submitted.

(*) 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 non-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 six months ended October 31, 2024, revenue was ¥725,785 thousand (down 40.9% year-on-year), operating loss was ¥12,121,397 thousand (operating loss of ¥4,579,860 thousand in the six months ended October 31, 2023), loss before income tax was ¥12,946,324 thousand (loss before income tax of ¥2,929,004 thousand in the six months ended October 31, 2023) mainly due to foreign exchange loss (finance costs) of ¥516,796 thousand and interest expenses (finance costs) of ¥331,980 thousand, and loss attributable to owners of the parent was ¥12,946,999 thousand (loss attributable to owners of the parent of ¥2,929,679 thousand in the six months ended October 31, 2023).

For reference, project income* for the six months ended October 31, 2024 was ¥2,520,577 thousand (up 101.2% compared to the six months ended October 31, 2023), of which, government subsidy income was ¥1,794,791 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) Overview of Financial Position

Assets

Total assets were ¥39,502,994 thousand, an increase of ¥14,512,184 thousandfrom the end of the previous fiscal year. This was mainly due to an increase of ¥13,568,219 thousand in cash and cash equivalents resulting from proceeds from issuance of shares.

Liabilities

Total liabilities were ¥26,511,724 thousand, an increase of ¥6,922,271 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥5,893,256 thousand in contract liabilities through receipt of an advance payment on a customer contract and an increase of ¥2,371,168 thousand in provisions, while trade and other payables decreased by ¥1,228,296 thousand and deferred income decreased by ¥923,561 thousand.

Equity

Total equity was ¥12,991,270 thousand, an increase of ¥7,589,913 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥19,854,705 thousand in share capital and capital surplus, as a result of the issuance of new shares, and a decrease of ¥12,946,999 thousand in retained earnings as a result of the loss for the period

As a result, ratio of equity attributable to owners of parent to total assets was 32.9%.

(3) Overview of Cash Flows

Cash and cash equivalents were ¥27,764,447 thousand, an increase of ¥13,568,219 thousand from the end of the previous fiscal year.

Cash flow recorded through the six months ended October 31, 2024 and main factors are as follows:

Cash flow from operating activities

Cash flow from operating activities decreased our cash by ¥6,698,930 thousand. This was mainly due to loss before tax of ¥12,946,324 thousand, increase in trade and other payables of ¥4,728,611 thousand and increase in provisions of ¥2,274,298 thousand.

Cash flow from investing activities

Cash flow from investing activities decreased our cash by ¥338,576 thousand. This was mainly due to purchase of property, plant and equipment of ¥286,707 thousand.

Cash flow from financing activities

Cash flow from financing activities increased our cash by ¥20,754,064 thousand. This was mainly due to proceeds from issuance of shares of ¥19,854,705 thousand and a net increase in short-term loans payable of ¥942,000 thousand.

(4) Special note regarding forward-looking statements

The Group is concurrently being awarded 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) Overview of Operating Results” for the specific major pipelines.

Regarding the consolidated financial forecast for the fiscal year ending April 30, 2025, we have revised the project income announced on June 13, 2024, and disclosed new figures for revenue, profits (operating profit, profit before tax, profit, and profit attributable to owners of parent), and basic earnings per share, based on consolidated financial results for the six months ended October 31, 2024, and the recent trends. For more details, please refer to the separate announcement "Notice Regarding Revision to Consolidated Financial Forecast for the Fiscal Year Ending April 2025" published today.

2. Condensed Semi-Annual Consolidated Financial Statements and Main Notes

(1) Condensed Semi-Annual Consolidated Statement of Financial Position

(Thousands of yen)

	As of April 30, 2024	As of October 31, 2024
Assets		
Current assets		
Cash and cash equivalents	14,196,227	27,764,447
Trade and other receivables	1,044,611	678,070
Contract assets	794,778	1,202,783
Income taxes receivable	927,960	1,058,031
Other assets	782,538	1,589,786
Total current assets	17,746,116	32,293,119
Non-current assets		
Property, plant and equipment	6,214,870	6,175,559
Intangible assets	220,550	248,654
Goodwill	487,146	472,791
Financial assets	321,980	283,967
Other assets	145	28,902
Total non-current assets	7,244,692	7,209,875
Total assets	24,990,809	39,502,994

(Thousands of yen)

	As of April 30, 2024	As of October 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,945,913	1,717,617
Contract liabilities	—	5,893,256
Deferred income	923,561	—
Loans payable	2,487,960	3,429,960
Income taxes payable	3,530	5,245
Provisions	2,071,666	2,549,640
Lease liabilities	239,442	248,281
Other liabilities	192,352	201,788
Total current liabilities	8,864,425	14,045,789
Non-current liabilities		
Loans payable	7,375,050	7,325,070
Provisions	271,635	2,164,830
Lease liabilities	3,078,341	2,976,034
Total non-current liabilities	10,725,026	12,465,935
Total liabilities	19,589,452	26,511,724
Equity		
Share capital	100,000	10,212,458
Capital surplus	7,858,848	9,751,817
Retained earnings (deficit)	△679,294	△5,622,146
Other components of equity	△1,878,196	△1,350,858
Total equity attributable to owners of parent	5,401,357	12,991,270
Non-controlling interests	—	—
Total equity	5,401,357	12,991,270
Total liabilities and equity	24,990,809	39,502,994

(2) Condensed Semi-Annual Consolidated Statement of Profit or Loss and Condensed Semi-Annual Consolidated Statement of Comprehensive Income

Condensed Semi-Annual Consolidated Statement of Profit or Loss

(Thousands of yen)

	Six months ended October 31, 2023	Six months ended October 31, 2024
Revenue	1,227,363	725,785
Cost of sales	△1,585,306	△5,067,087
Gross profit (loss)	△357,943	△4,341,301
Selling, general and administrative expenses	△4,248,137	△9,983,441
Other income	26,220	2,203,346
Operating profit (loss)	△4,579,860	△12,121,397
Finance income	1,873,458	23,849
Finance costs	△222,601	△848,777
Profit (loss) before tax	△2,929,004	△12,946,324
Income tax (expense) benefit	△675	△675
Profit (loss)	△2,929,679	△12,946,999
Profit (loss) attributable to:		
Owners of parent	△2,929,679	△12,946,999
Non-controlling interests	—	—
Profit (loss)	△2,929,679	△12,946,999

(Yen)

Earnings per share		
Basic earnings (loss) per share	△32.49	△116.35
Diluted earnings (loss) per share	△32.49	△116.35

Condensed Semi-Annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended October 31, 2023	Six months ended October 31, 2024
Profit (loss)	△2,929,679	△12,946,999
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	△867,211	367,560
Total of items that may be reclassified to profit or loss	△867,211	367,560
Total other comprehensive income (loss)	△867,211	367,560
Comprehensive income (loss)	△3,796,890	△12,579,439
Comprehensive income (loss) attributable to:		
Owners of parent	△3,796,890	△12,579,439
Non-controlling interests	—	—
Comprehensive income (loss)	△3,796,890	△12,579,439

(3) Condensed Semi-Annual Consolidated Statement of Changes in Equity

Six months ended October 31, 2023

(Thousands of yen)

	Equity attributable to owners of parent									
				Other components of equity						
	Share capital	Capital surplus	Retained earnings (deficit)	Share acquisition rights	Financial assets measured at fair value through other comprehen-sive income	Exchange differences on translation of foreign operations	Total	Total	Non-controlling interests	Total equity
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			△2,929,679				—	△2,929,679		△2,929,679
Other comprehensive income (loss)						△867,211	△867,211	△867,211		△867,211
Total comprehensive income (loss)	—	—	△2,929,679	—	—	△867,211	△867,211	△3,796,890	—	△3,796,890
Issuance of new shares	500,000	500,000					—	1,000,000		1,000,000
Share-based payment transactions				4,160			4,160	4,160		4,160
Share issuance costs		△3,500					—	△3,500		△3,500
Total transactions with owners and other transactions	500,000	496,500	—	4,160	—	—	4,160	1,000,660	—	1,000,660
Balance as of October 31, 2023	600,000	20,139,573	△7,217,306	112,546	△14,999	△1,525,447	△1,427,901	12,094,366	—	12,094,366

Six months ended October 31, 2024

(Thousands of yen)

	Equity attributable to owners of parent									
				Other components of equity						
	Share capital	Capital surplus	Retained earnings (deficit)	Share acquisition rights	Financial assets measured at fair value through other comprehen-sive income	Exchange differences on translation of foreign operations	Total	Total	Non-controlling interests	Total equity
Balance as of May 1, 2024	100,000	7,858,848	△679,294	201,687	△14,999	△2,064,884	△1,878,196	5,401,357	–	5,401,357
Loss			△12,946,999				–	△12,946,999		△12,946,999
Other comprehensive income (loss)						367,560	367,560	367,560		367,560
Total comprehensive income (loss)	–	–	△12,946,999	–	–	367,560	367,560	△12,579,439	–	△12,579,439
Issuance of new shares	10,035,054	10,035,054					–	20,070,109		20,070,109
Deficit disposition		△8,004,085	8,004,085				–	–		–
Share-based payment transactions				168,972			168,972	168,972		168,972
Exercise of share acquisition rights	77,403	77,403		△9,133			△9,133	145,674		145,674
Forfeiture of share acquisition rights			62	△62			△62	–		–
Share issuance costs		△215,404					–	△215,404		
Total transactions with owners and other transactions	10,112,458	1,892,968	8,004,147	159,777	–	–	159,777	20,169,352	–	20,169,352
Balance as of October 31, 2024	10,212,458	9,751,817	△5,622,146	361,465	△14,999	△1,697,324	△1,350,858	12,991,270	–	12,991,270

(4) Condensed Semi-Annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended October 31, 2023	Six months ended October 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	△2,929,004	△12,946,324
Depreciation and amortization of intangible assets	354,381	437,101
Decrease (increase) in trade and other receivables	△249,665	△1,064,626
Increase (decrease) in trade and other payables	△581,652	4,728,611
Increase (decrease) in provisions	△2,085,966	2,274,298
Share-based payment expenses	4,160	168,972
Interest income	△28,089	△23,849
Interest expenses	237,490	331,980
Government subsidy income	△25,603	△1,794,791
Foreign exchange loss (gain)	△1,044,239	529,248
Other	△1,830	△8,954
Subtotal	△6,350,019	△7,368,333
Interest received	28,089	23,056
Interest paid	△241,662	△331,250
Proceeds from government subsidy income	148,287	704,500
Income taxes refund (paid)	△1,162	273,096
Net cash used in operating activities	△6,416,467	△6,698,930
Cash flows from investing activities		
Purchase of property, plant and equipment	△907,148	△286,707
Purchase of intangible assets	△375	△51,868
Payments of leasehold deposits	△12,954	―
Net cash used in investing activities	△920,478	△338,576

Cash flows from financing activities		
Proceeds from issuance of shares	996,500	19,854,705
Proceeds from exercise of share acquisition rights	－	145,674
Net increase (decrease) in short-term loans payable	－	942,000
Proceeds from long-term loans payable	1,328,000	－
Repayments of long-term borrowings	－	△49,980
Repayments of lease liabilities	△142,433	△138,335
Net cash provided by financing activities	2,182,066	20,754,064
Effect of exchange rate changes on cash and cash equivalents	191,125	△148,337
Net increase (decrease) in cash and cash equivalents	△4,963,754	13,568,219
Cash and cash equivalents at the beginning of period	22,678,990	14,196,227
Cash and cash equivalents at the end of period	17,715,236	27,764,447

(5) Notes for Condensed Semi-annual Consolidated Financial Statements

1. Notes Concerning Going Concern Assumption

Not applicable.

2. Segment Information

(1). Overview of reportable segment

The Group undertakes research and development in technologies regarding on-orbit services such as debris removal and demonstrations 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)

	Six months ended October 31, 2023	Six months ended October 31, 2024
Project revenue (Note 1)	1,187,764	724,010
Other revenue (Note 2)	39,598	1,775
Total	1,227,363	725,785

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.

3. Significant subsequent events

Not applicable.

3. Supplementary Information

(1) Order Bookings and Order Backlog

The Group considers the business segment as a single segment of the on-orbit servicing business. The order bookings and order backlog for the six months ended October 31, 2024 are as follows. (Note 1)

(Thousands of yen)

	Fiscal year ended April 30, 2024	Six months ended October 31, 2024	
	Order backlog	Order bookings	Order backlog
On-orbit servicing business	5,411,832	15,481,646	18,338,269
Total	5,411,832	15,481,646	18,338,269

Notes:

1. Order bookings represents the total contract amount (including amounts paid and contracted to be paid to us) under contracts that were executed in a particular fiscal period. Order backlog represents the total amount of order bookings for all prior periods that had not yet been recorded as revenue or government subsidy income as of a particular date. If our progress of technological development and other conditions that are stipulated in the contracts are not fulfilled, a portion of the milestone payments to be paid for our provision of services may not be paid, and as such, we may not actually recognize such revenue or government subsidy income in the amounts shown or at all.
2. Expected order backlog from non-competitive follow-on phases represents anticipated contract amounts for project phases as to which we have not entered into a binding contract, but as to which we are not currently aware of any other competitor. ISSA-J1 (formerly SBIR) Phases 2 and 3 meet this definition and the amount is expected to be ¥9,310 million (as of the end of the six months ended October 31, 2024). There can be no assurance that we will be able to enter into binding contracts, and the actual contract amounts may differ from the anticipated contract amounts, even if we are awarded for such phases at all, since the contracts for the follow-on phases have not yet been signed.
3. For reference, a simple sum of the order backlog at the end of the six months ended October 31, 2024 and the expected order backlog at the end of the six months ended October 31, 2024 in Note 2 is ¥27,648,269 thousand. We may not actually recognize such revenue or government subsidy income in the amounts shown or at all for the reasons stated in Notes 1 to 2.
4. In the six months ended October 31, 2024, there were significant changes in total order bookings and order backlog in the on-orbit servicing business segment. The increase was mainly due to the awards of the ELSA-M Phase 4 contract (€13.95 million) from Eutelsat OneWeb and CRD2 Phase II contract (¥12,000 million) from JAXA.