Financial Results Presentation
FY2025 Q2 YTD



Astroscale Holdings Inc.

(Ticker symbol: 186A)

December 13, 2024

Astroscale Proprietary

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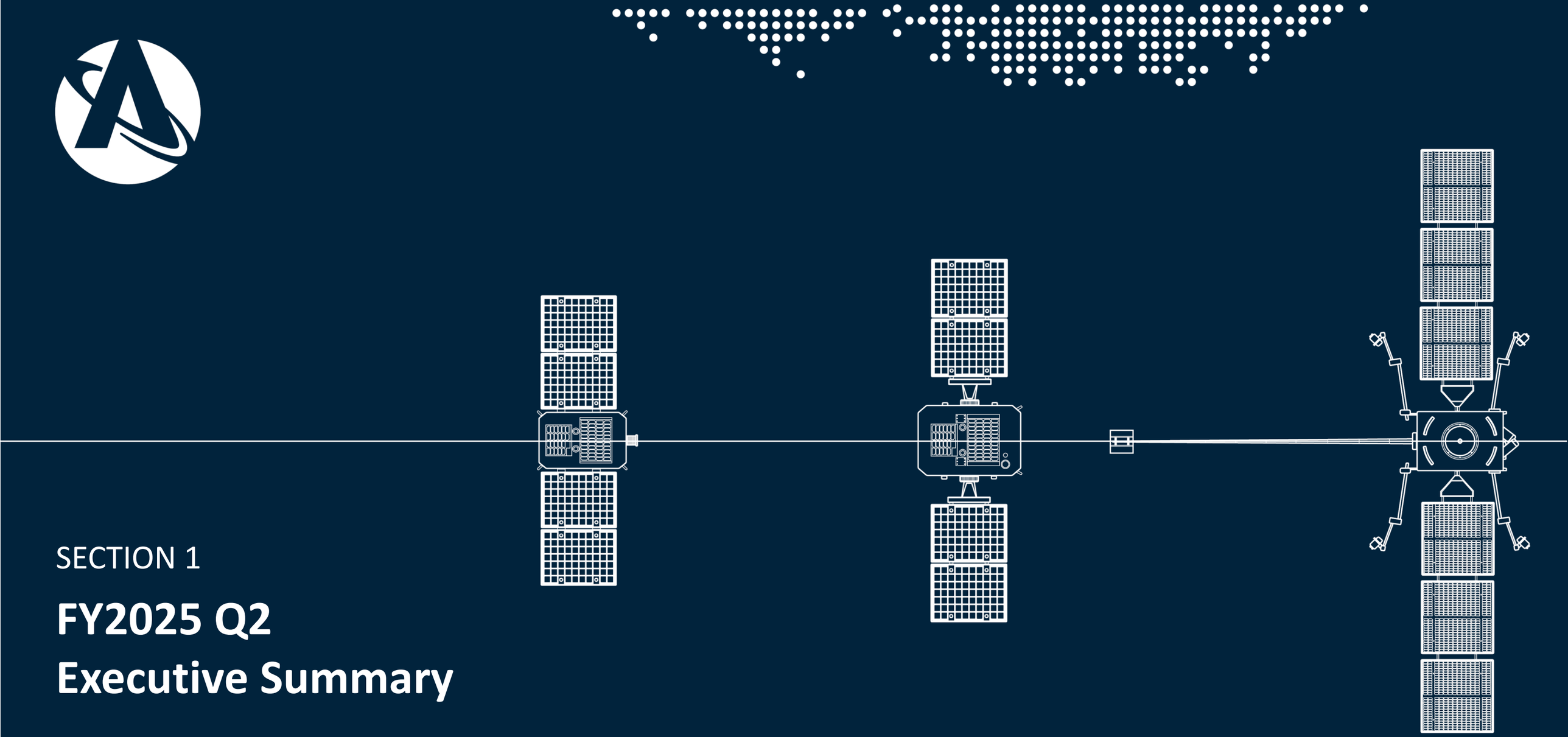
Information in this presentation is based on the following unless otherwise noted.
FX rate assumptions: US$1 = ¥140, €1 = ¥150, £1 = ¥175
Fiscal years: “FY202X” is equivalent to the “fiscal year ending April 202X”.
Q2: The second quarter of the fiscal year beginning from August 1 and ending on October 31.



SECTION 1

FY2025 Q2
Executive Summary

FY2025 Q2 Executive Summary

1. UN, ITU, G7, etc. are taking action to address space sustainability.
2. In addition to fixed-point observation and fly-around at 50m, ADRAS-J succeeded in approaching to 15m as an extra mission.
3. Largest-ever ¥12bn ADRAS-J2 contract and other new contract awards driving Q2 YTD bookings of ¥15,481 million.
4. Robust backlog of ¥27,648 million with further growth opportunities in 2nd half from LEXI-P, Project A and defense projects.
5. FY2025 project income forecast revised to ¥12,000 million due to project timing shift. Fundamental business performance remains strong; on track to achieve gross profit breakeven for full-year.

FY2025 Q2 YTD Key Metrics

Backlog(1):	¥27,648mm Contracted backlog: ¥18,338 million Confirmed but non-contracted backlog : ¥9,310 million
Project Income(2):	¥2,520mm (+101.2% YoY)
Operating Profit:	¥(12,121)mm
Cash Balance:	¥27,764mm

(1) Order backlog includes amounts for confirmed but non-contracted projects that do not have any competitors in the process such as ISSA-J1 (formerly known as SBIR) Phase 2 and 3.
(2) Non-IFRS measure. Project income 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.

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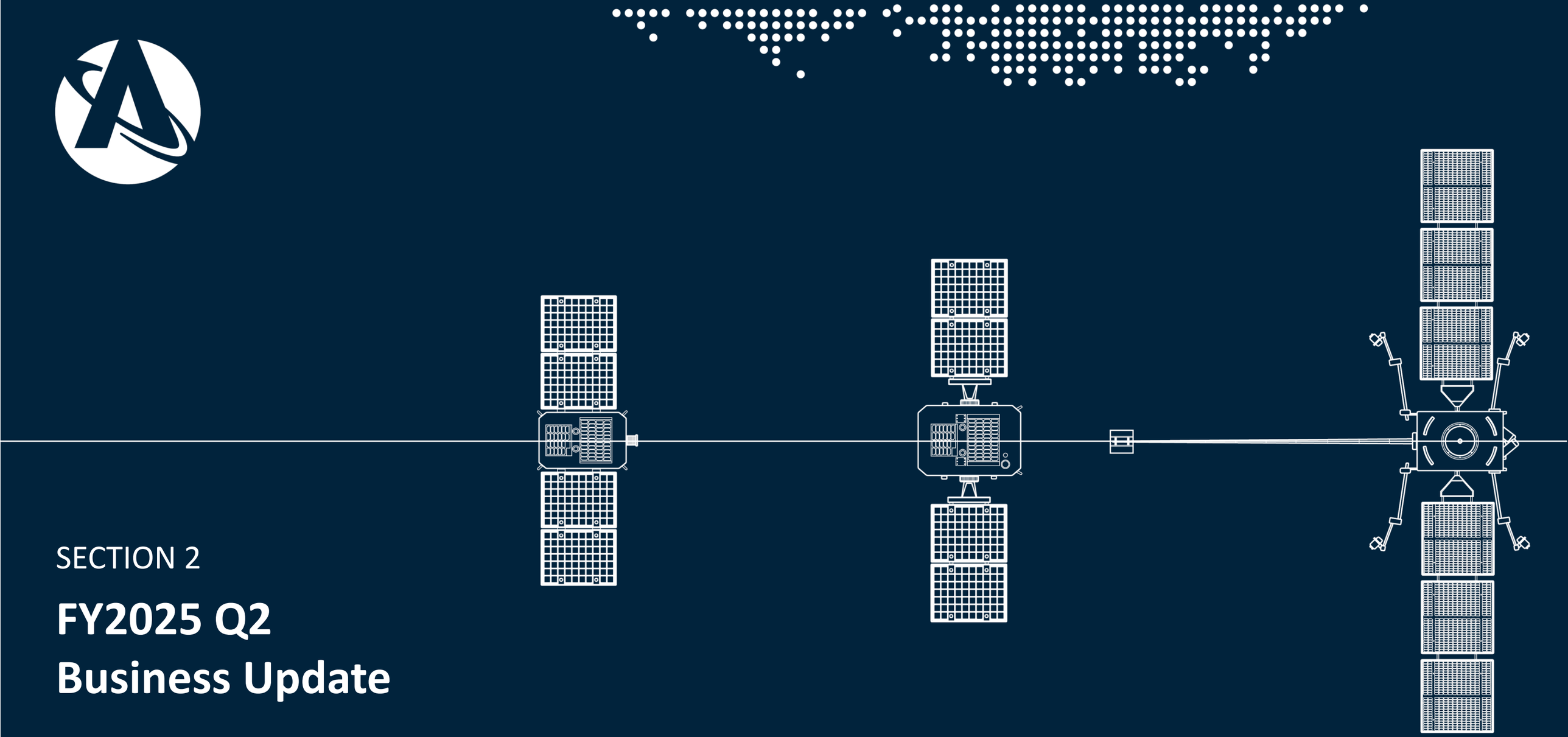

SECTION 2

FY2025 Q2
Business Update

FY2025 Q2 Space Environment Dashboard

Space Debris Objects on Orbit

40,500

(Larger than 10cm, as of Sep 20, 2024)

Functioning Satellites on Orbit

10,200

(As of Sep 20, 2024)

Post-Mission Disposal Rate in LEO

Approx. 60%

(Payload clearance in LEO, percentage of successful attempts in 2022)

Major Fragmentations on Orbit

At least 5

(As of Oct 2024, fiscal year to date)

Source: European Space Agency "Space debris by the numbers", "ESA's Annual Space Environment Report" issued Jul 19, 2024, Inter-Agency Space Debris Coordination Committee "IADC Report on the Status of the Space Debris Environment" issued Jan 2024.

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The space environment continues to deteriorate…

Three new fragmentations in Q2 has created hundreds of new debris objects in various orbits.

Chinese CZ-6A Rocket Upper Stage

August 6, 2024



283 new debris objects created in Low Earth Orbit

US ATLAS 5 Rocket Upper Stage

September 6, 2024



40+ new debris objects created in Highly Elliptical Orbit

US Satellite

October 19, 2024



~500 new debris objects created in Geostationary Orbit

Source: NASA "Orbital Debris Quarterly News, Volume 28, Issue 4", media reports. Images sourced from NASA/Tom Farrar, Kevin O'Connell - Crop from File:Atlas V(401) launches with LRO and LCROSS.jpg; original at http://mediaarchive.ksc.nasa.gov/detail.cfm?mediaid=41915, Public Domain, https://commons.wikimedia.org/w/index.php?curid=16219108; Space Daily. Retrieved from https://www.spacedaily.com/reports/Long_March_6_rocket_carries_experimental_satellite_to_space_999.html

… and the world continues to take action!

The UN General Assembly supports new initiatives on space debris remediation. Astroscale is creating a positive impact.

Astroscale CEO's speech at UN HQ
September 21, 2024



"Be an advocate for space sustainability. Together, we have the responsibility and opportunity to ensure space remains a resource that benefits humanity for generations to come."

Nobu Okada at the SDG Digital 2024 during the Summit of the Future Action Days

UN General Assembly adopted "Pact for the Future"
September 22, 2024



All 193 UN member states agreed to:

- Discuss the establishment of new frameworks for space traffic, space debris and space resources through the Committee on the Peaceful Uses of Outer Space (UN COPUOS).
- Invite the engagement of relevant private sector, civil society and other relevant stakeholders.

Support for space sustainability is spreading rapidly.

Various international bodies are moving to introduce tangible standards and regulations.



"We strongly support the implementation of the International Guidelines adopted at the UN Committee on the Peaceful Use of Outer Space as urgent and necessary. We welcome 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 ITU held its inaugural Space Sustainability Forum in Sep 2024.
  - Recognized that "There is an urgent need to explore new ITU regulatory approaches to address long-term sustainability."
- In Oct 2024, through its work on a handbook for best practices(1) the ITU explicitly considered "the development of new technologies of in-orbit servicing (IOS) of space radiocommunication service spacecraft, including active space debris removal"

Source: Apulia G7 Leaders' Communiqué.
(1) Handbook on best practices for the sustainable use of frequencies and associated non-GSO orbits by space radiocommunication services.

Astroscale is making significant technical progress through ADRAS-J.

We are the first private company to safely approach and inspect a real piece of space debris. Data and lessons learned from this mission will help drive and de-risk future missions.

Launch

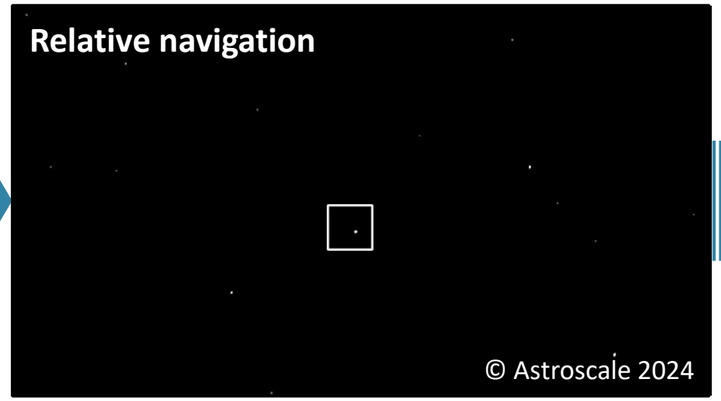


February 2024 – Dedicated launch on Rocket Lab placed ADRAS-J in the proper plane.

Absolute navigation

February 2024 – Successful ADRAS-J check out and began approach to the rocket body.

Relative navigation



April 2024 – Switched to on-board sensors for accurate navigation; first view of rocket body.

Proximity approach (Safety Ellipse)

Image from a few kilometers



April 2024 – Safely approached rocket body and obtained clearer view using on-board visual camera.

Observation

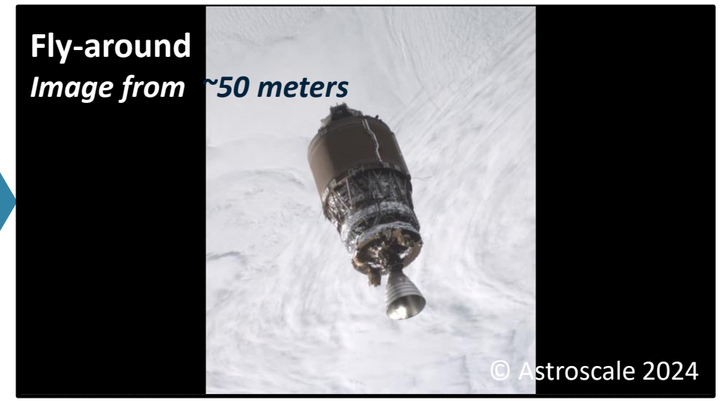
Image from a few hundred meters



May 2024 – Switched between several on-board sensors, moved in closer to rocket body.

Fly-around

Image from ~50 meters



July 2024 – Completed historic 360-degree fly around of rocket body.

ADRAS-J successes in RPO are driving future opportunities.

Astonishing images from ADRAS-J have widely broadcast our capabilities, helping to create future opportunities.

Fixed-point observation



Fly-around



Our business is growing rapidly.

We continue to build a healthy contracted backlog through ¥15,481 million of new contracts in the first half of FY2025.

New Contracts Signed YTD

Contract Date	Project	Service	Entity	Amount[1]	
Jun 17, 2024	APS-R (amount increase)	LEX	US	$1.355 mm	¥0.21 bn
Jul 18, 2024	ELSA-M Phase 4	EOL	UK	€13.95 mm	¥2.3 bn
Aug 20, 2024	ADRAS-J2	ADR	JP	-	¥12.0 bn
Sep 5, 2024	COSMIC Phase 2	ADR	UK	£1.95 mm	¥0.36 bn
Sep 26, 2024	APS-R (amount increase)	LEX	US	$2.62 mm	¥0.36 bn
Sep 29, 2024	New Study Contract	N/A	N/A	-	¥0.091 bn

Current Income Producing Projects[2]

Astroscale Japan
4 projects

Astroscale UK
3 projects

Astroscale US
2 projects

Contract Booking
¥15,481 million
(FY2025 Q2 YTD)

Backlog[3]
¥27,648 million
Contracted backlog: ¥18,338 million
Confirmed but non-contracted backlog : ¥9,310 million
(as of Oct. 2024)

(1) Yen amounts are converted at foreign exchange rates as of the timing of announcement.
(2) Includes all customer projects including small studies that have recognized project income in FY2025.
(3) Including contracted backlog and confirmed but non-contracted backlog.

Increased demand from defense-related missions will fuel further growth.

We are expecting multiple defense-related missions to materialize in the next 12 to 18 months in refueling and ISSA. These missions will help prepare customers and ourselves for future services.

LEX

Life Extension Service (Refueling)



- Refueling will enable defense agencies to achieve “dynamic operations” that allows them to operate their assets flexibly on orbit.
- Astroscale is already working with the US Space Force on the APS-R mission to deliver a satellite to refuel other compatible satellites in space.

ISSA

In-situ Space Situational Awareness

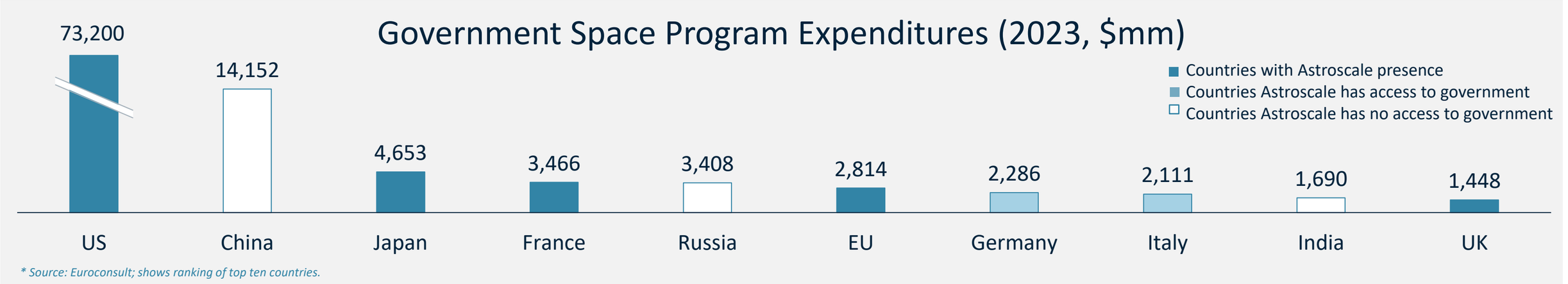


- ISSA will enable defense agencies to understand threats in the space environment through high-fidelity data obtained through direct observation.
- Astroscale’s demonstrated successes in current and past missions are providing tangible proof of our capabilities to safely approach and observe objects on orbit.

Alliances with established partners such as Mitsubishi Electric and Airbus will help to further drive defense business.

We are positioned to drive institutional business in strategic geographies

We are an established presence in allied countries with significant spending on space-related activities. Our headquarters is in Japan but we are recognized as a local company in each country where we have a presence. This is essential in a nascent market reliant on government support.



** Source: Euroconsult; shows ranking of top ten countries.*

Entity Leadership Teams

US



BOEING | U.S. Air Force

Ron Lopez
US, Managing Director



Clare Martin
US, Executive VP

Japan



Lockheed Martin | Thales Alenia Space

Eddie Kato
Japan, Managing Director



Miki Ito
Japan, Executive VP

France



Thales Alenia Space

Philippe Blatt
France, Managing Director



Morgane Lecas
France, Senior Manager, Strategy and PA

UK



Inmarsat | CGI

Nick Shave
UK, Managing Director



Sharon Parker-Lines
UK, Deputy Managing Director

Israel



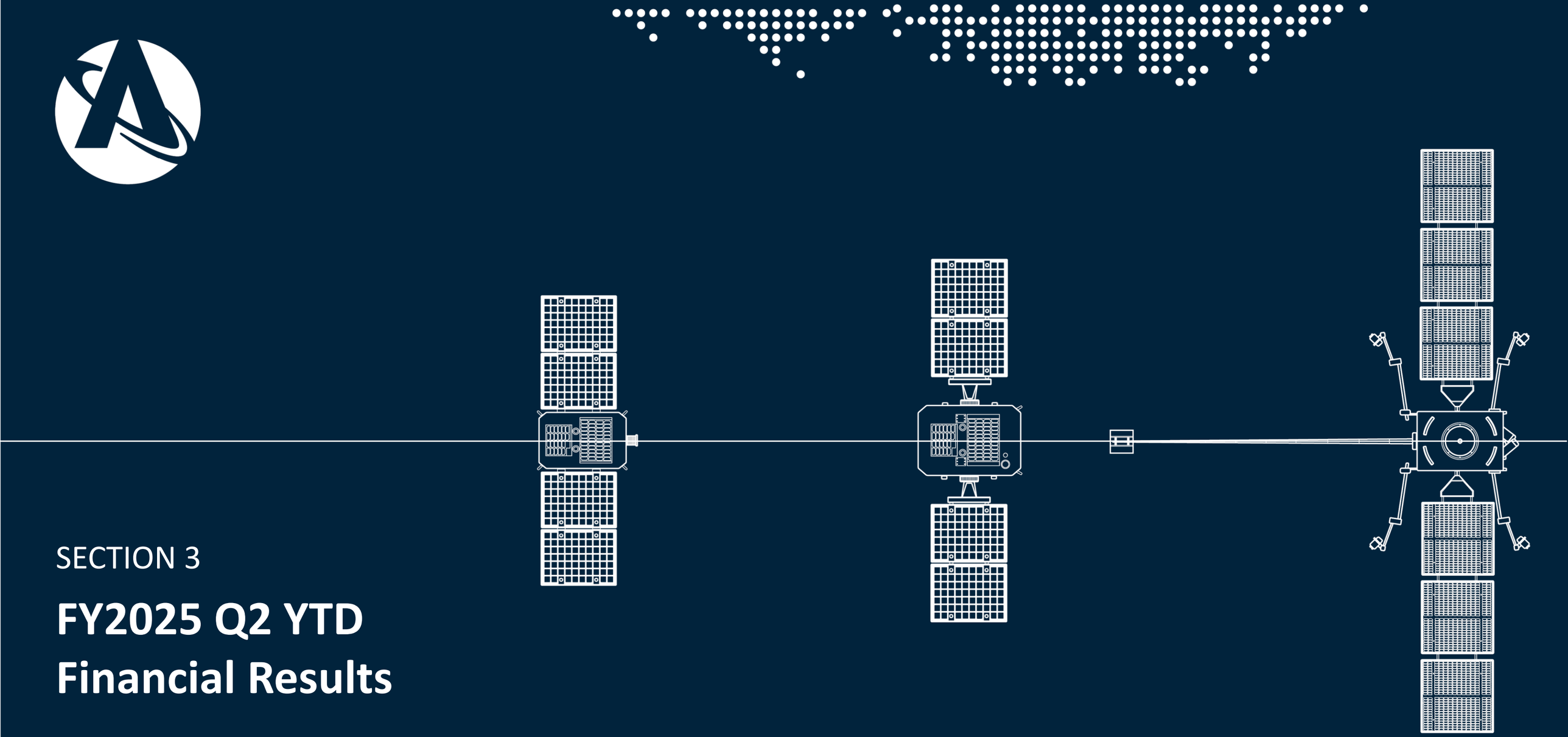
Israel Aerospace Industries | Israeli Air Force

Ofir Azriel
Israel, Managing Director



Amir Gaver
Israel, Deputy Managing Director

Source: Company names represent previous careers



SECTION 3

FY2025 Q2 YTD Financial Results

FY2025 Q2 YTD Financial Results Summary

While FY2025 Q2 YTD results were negatively affected by delay in contracting timing for LEXI-P and Project A, fundamentals of the business remain strong with positive free cash flow and healthy balance sheet in Q2.

Positive Factors

- **Lower-than-expected R&D Expenses**
- **Non-R&D SG&A Expense Discipline**
- **Positive Free Cash Flow for Q2**
- **Maintained Healthy Balance Sheet**

Negative Factors

- **Project Income Recognition Delay on New Projects**

  Mitigations:
  Customer discussions for LEXI-P and Project A ongoing with aim to begin revenue recognition by fiscal year end.
  Expect significant revenue contribution from LEXI-P via significant milestone payments at project commencement.

- **Timing Difference in Project Income Recognition due to Cost Occurrence timing in Existing Projects**

  Mitigations:
  No impact on full-year forecast.
  Continue to exercise tight control on project schedule management.

Income Statement

Significant loss in Q2 YTD due to the slower-than-expected progress of key projects and new awards.

(¥ million)		FY2024 Q2 YTD		FY2025 Q2 YTD	YoY Change
Order bookings		N/A		15,481	*NM*
Project income	*A = B + C*	1,252		2,520	*101.2 %*
Government grant income	*B*	25	1	1,794	*NM*
Revenue	*C*	1,227	2	725	*(40.9)%*
Cost of sales	*D*	(1,585)	3	(5,067)	*219.6 %*
Gross profit (loss)	*E = C - D*	**(357)**		**(4,341)**	-
Gross Margin	*E / C*	***(29.2)%***		***(598.2)%***	-
SG&A expenses - R&D	*F*	(1,461)	4	(5,898)	*303.5 %*
SG&A expenses - non-R&D	*G*	(2,786)	5	(4,084)	*46.6 %*
Other income	*H*	26		2,203	*NM*
Government grant income	*B*	25		1,794	*NM*
Operating profit (loss)	*I = E ~ H*	**(4,579)**		**(12,121)**	-
Operating margin	*I / C*	***(373.1)%***		***(1,670.1)%***	-
Profit Before Tax		(2,929)		(12,946)	-
Profit (Loss)		(2,929)		(12,946)	-

$1.00 to JPY	143.63	151.78	*5.7 %*
£1.00 to JPY	180.09	195.74	*8.7 %*

1. Increased due to new grant projects such as APS-R and ISSA-J1[(1)].
2. Decreased due to project nearing completion for ADRAS-J, ELSA-M Phase 3 and COSMIC Phase B.
3. One-time increase due to loss provision of ¥3.2bn for ELSA-M Phase 4 in Q1.
   - Amount of loss provisions is consistent with expectations.
4. Increased expenses due to the start of grant projects (e.g. APS-R and ISSA-J1[(1)]) and pre-contract development (e.g. LEXI-P).
5. Increased due to personnel and IPO-related costs. Amount lower than expectations.

(1) Formerly known as SBIR.
Note: Project Income: Non-IFRS measure. Project income 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.

Income Statement (LTM Quarterly Trend)

Q2 operating loss improved as a rebound from the provision recorded in Q1 and strict discipline in expense management.

(¥ million)	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2
Order bookings	-	-	2,582	12,899
Project income	1,427	1,986	1,166	1,354
Government grant income	660	1,128	927	867
Revenue	766	858	239	486
Cost of sales	923	2,589	3,740	1,326
Gross profit (loss)	**(156)**	**(1,730)**	**(3,501)**	**(839)**
Gross Margin	*(20.4)%*	*(201.6)%*	*(1,464.9)%*	*(172.6)%*
SG&A expenses - R&D	1,296	2,243	3,080	2,818
SG&A expenses - non-R&D	1,618	2,289	2,170	1,913
Other income	660	1,698	1,154	1,048
Government grant income	660	1,128	927	867
Operating profit (loss)	**(2,410)**	**(4,564)**	**(7,597)**	**(4,523)**
Operating margin	*(314.6)%*	*(531.9)%*	*(3,178.7)%*	*(930.7)%*
Profit Before Tax	(2,894)	(3,396)	(8,579)	(4,366)
Profit (Loss)	(2,894)	(3,357)	(8,579)	(4,367)

$1.00 to JPY	146.58	151.09	157.19	146.36
£1.00 to JPY	184.60	190.59	200.18	191.28

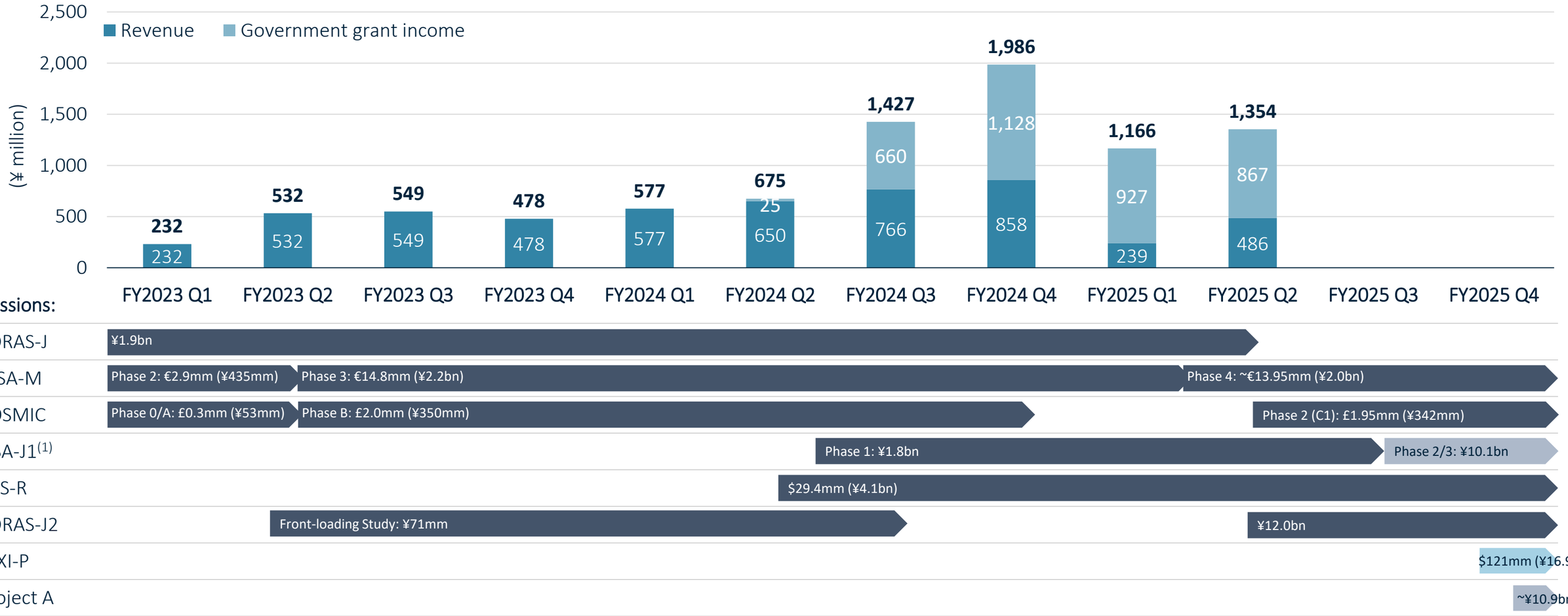
1. Amount consistent with Q1. No significant delays in project progression.
2. Revenue contribution from ADRAS-J2 and ELSA-M Phase 4 started.
3. Increased QoQ (excluding ¥3.2bn loss provision in Q1) due to revenue growth of new projects.
4. Slight decrease in expenses of grant projects (e.g. APS-R and ISSA-J1[(1)]) and pre-contract development (e.g. LEXI-P).
5. Maintaining strict discipline in expense management.

(1) Formerly known as SBIR.

Note: Project Income: Non-IFRS measure. Project income 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.

Quarterly Project Income

Contributions from COSMIC Phase 2 and ADRAS-J2 started in Q2. We are expecting to re-enter the growth phase of project income following a temporary decline in Q1.



(1) Formerly known as SBIR.
Note: Project timelines and details of non-contracted projects such as amount are based on current expectations of the Company and is subject to change in the future. Please refer to page 18 and 19 for further information on pipeline.

Breakdown of SG&A Expense and Other Income

R&D expenses and other income increased significantly year over year, driven by contributions from newly initiated grant projects. Other SG&A growth was below our business plan.

(¥ million)	FY2024 Q2 YTD	FY2025 Q2 YTD	YoY Change
SG&A expenses	(4,248)	(9,983)	*135.0 %*
R&D expenses	(1,461)	(5,898)	*303.5 %*
Pure R&D cost	(173)	(120)	*(30.4)%*
Development costs for grant projects	(29)	1 (2,007)	*NM*
Pre-contract development costs	(1,258)	2 (3,770)	*199.6 %*
Other SG&A expenses	(2,786)	3 (4,084)	*46.6 %*

1. Increased due to new grant projects such as APS-R and ISSA-J1[(1)].
2. Increased mainly due to pre-contract development for LEXI-P.
3. Increase due to personnel and IPO-related costs. Amount lower than expectations.

(¥ million)	FY2024 Q2 YTD	FY2025 Q2 YTD	YoY Change
Other Income	26	2,203	*NM*
Government Grant Income	25	4 1,794	*NM*
Others	-	5 408	*NM*

4. Increased due to new grant projects such as APS-R and ISSA-J1[(1)].
5. Income from tax refunds, etc.

(1) Formerly known as SBIR.

Balance Sheet

We continue to maintain a healthy balance sheet.

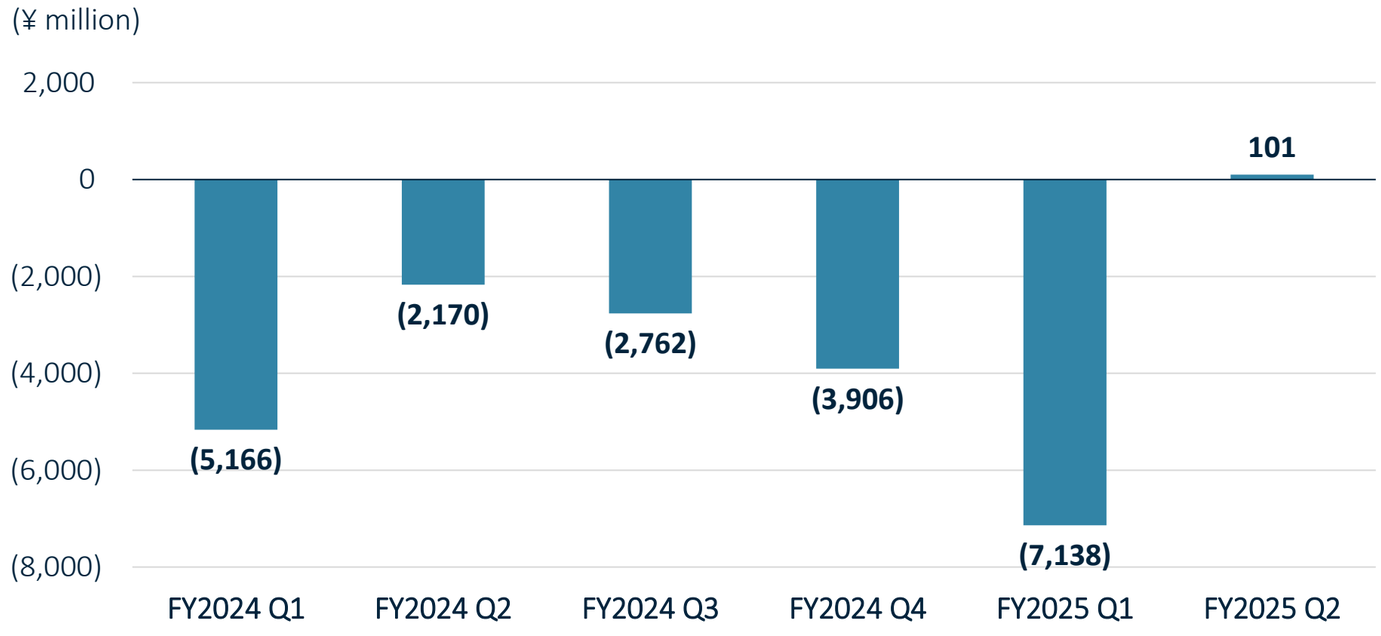
(¥ million)	Apr. 2024	Oct. 2024	*Change*
Total assets	**24,990**	**39,502**	***58.1 %***
Current assets	17,746	32,293	*82.0 %*
Cash and cash equivalents	14,196	1 27,764	*95.6 %*
Other assets	3,549	4,528	*27.6 %*
Non-current assets	7,244	7,209	*(0.5)%*
Property, plant and equipment	6,214	6,175	*(0.6)%*
Other assets	1,029	1,034	*0.4 %*
Liabilities	**19,589**	**26,511**	***35.3 %***
Current liabilities	8,864	14,045	*58.5 %*
Borrowings	2,487	2 3,429	*37.9 %*
Provisions	2,071	3 4 2,549	*23.1 %*
Other liabilities	4,304	8,066	*87.4 %*
Non-current liabilities	10,725	12,465	*16.2 %*
Loans payable	7,375	7,325	*(0.7)%*
Provisions	271	4 2,164	*697.0 %*
Other liabilities	3,078	2,976	*(3.3)%*
Equity	**5,401**	5 **12,991**	***140.5 %***
Interest-bearing debt	13,180	6 13,979	*6.1 %*
$1.00 to JPY	157.19	152.56	*(2.9)%*
£1.00 to JPY	196.88	197.30	*0.2 %*

1. Increased due to public offering at IPO (¥20,070mm).
2. Increase due to drawdown from credit facility.
3. Reversal of existing provision for order losses for ADRAS-J and ELSA-M Phase 3.
4. Provision for order losses for ELSA-M Phase 4.
5. Increase due to public offering at IPO offset by losses.
6. Includes the following:
   - ¥10,450mm of borrowings
   - ¥3,219mm of lease obligations

Cash Flow and Cash/Debt Balance

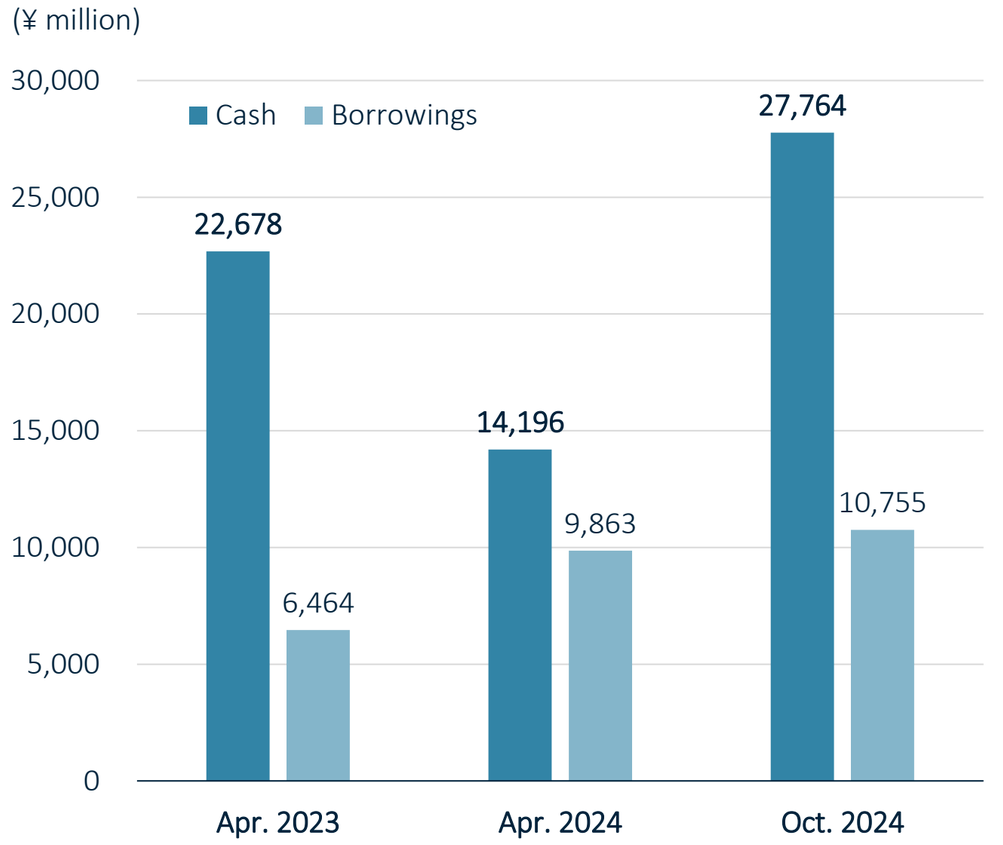
In Q2, free cash flow improved significantly due to improved P&L performance and through receipt of an advance payment on a customer contract. In the second half of FY2025, we anticipate lower cash burn due to expected advance payments from LEXI-P.

Quarterly Free Cash Flow(1)

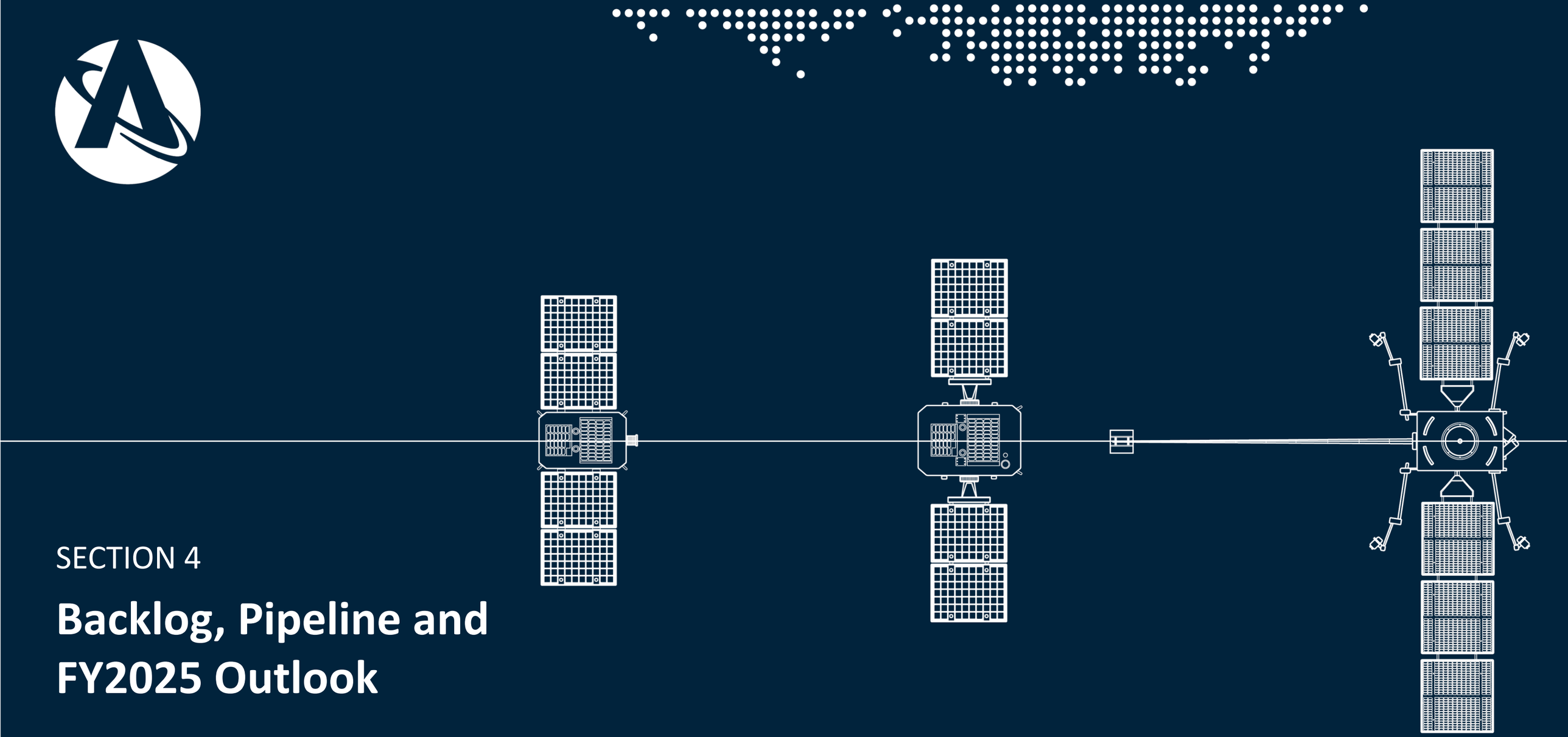


	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2
Operating CF	(4,344)	(2,071)	(2,682)	(3,723)	(6,967)	268
Investing CF	(821)	(98)	(79)	(182)	(171)	(167)
Financing CF	569	1,612	190	1,773	20,465	288

Cash and Debt Balance



(1) Defined as sum of cash flow from operating activities and investing activities.



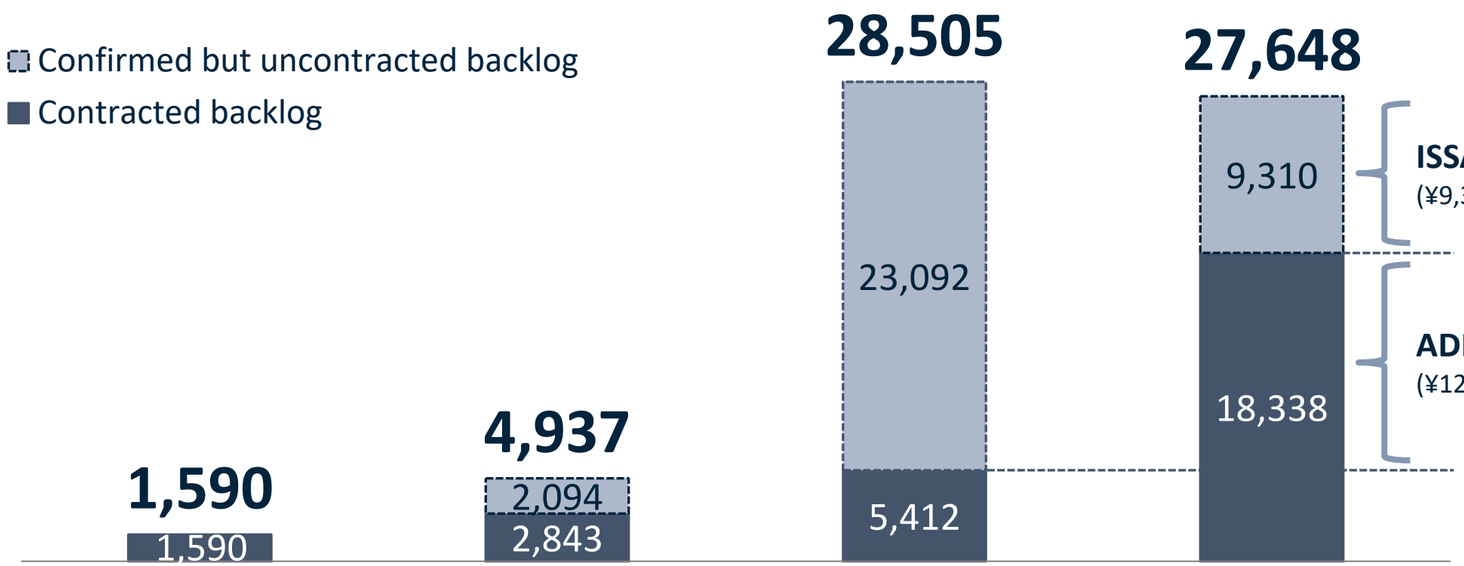
SECTION 4

Backlog, Pipeline and FY2025 Outlook

Backlog

In Q2, contracted backlog has significantly increased due to the contract award of ADRAS-J2.

Order Backlog (¥mm)



Update as of Dec.13

Due to the ISSA-J1 contract change in Nov, "contracted backlog" is temporarily reduced by ¥812mm, but **total "contract backlog" remains unchanged**.

Fully-funded Ratio(1)

0% ▶ **11%** ▶ **81%** ▶ **83%**

Enhancing profitability by increasing fully-funded missions

(1) A "fully funded" project is defined as a project that we expect the contract amount will cover the full amount of the then-anticipated mission expenses which has been proposed by us. Ratio is calculated based on contract amount.
(2) Order backlog includes expected amounts for confirmed but non-contracted projects that do not have any competitors in the process such as ISSA-J1 (formerly known as SBIR) Phase 2 and 3 as well as amounts for ADRAS-J2 which was contracted in August 2024 but not contracted as of July 2024 end.

Civil/Commercial Pipeline Status

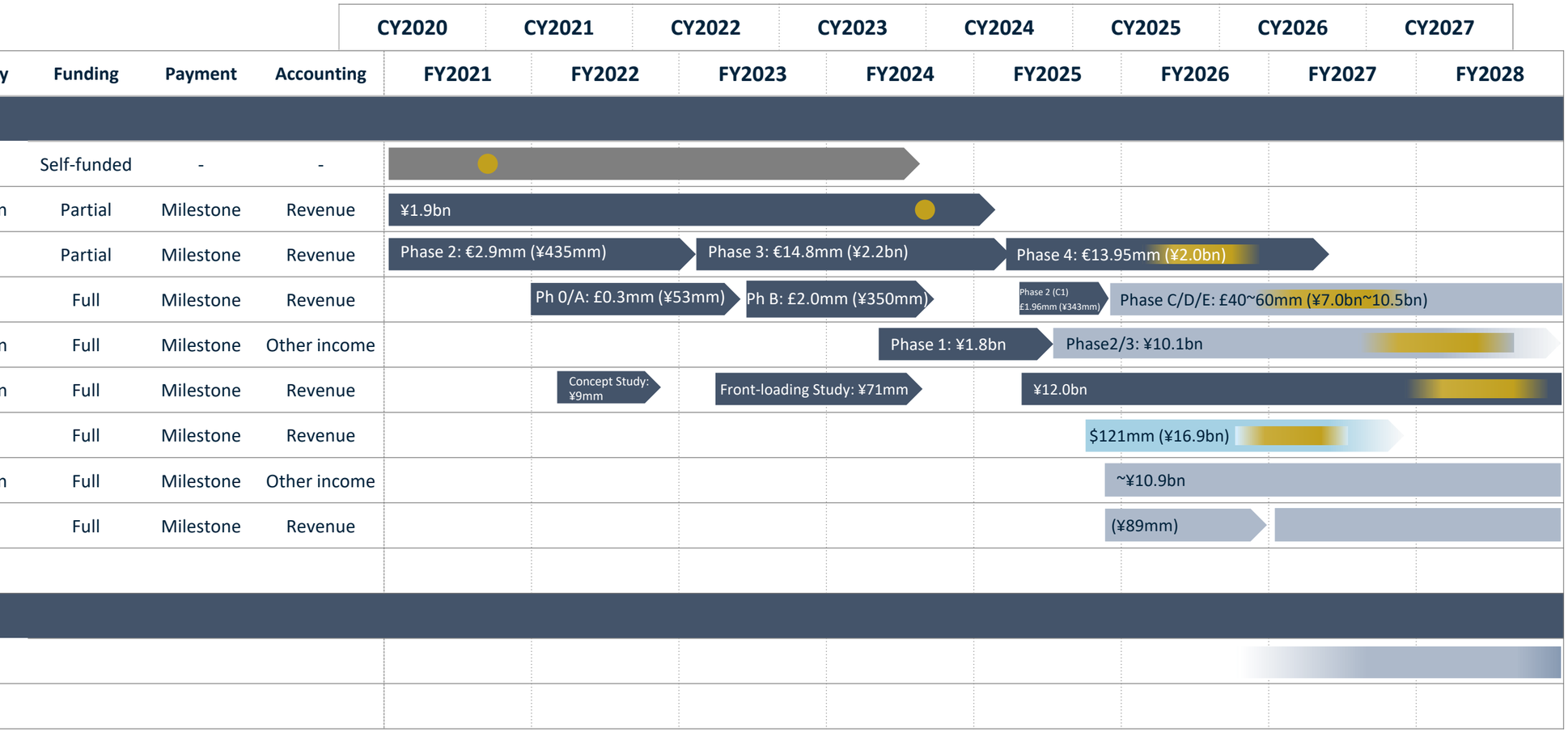
(As of Dec. 13, 2024)

Expected Project Timeline

- Self-funded
- Civil (Contracted)
- Commercial (Contracted)
- ● / ▬ Planned Launch
- Civil (Non-contracted)
- Commercial (Non-contracted)

FX assumption:
US$1 = ¥140
€1 = ¥150
£1 = ¥175

#	Project	Service	Customer	Entity	Funding	Payment	Accounting
Projects contracted, awarded and under proposal							
1	ELSA-d	-	-	-	Self-funded	-	-
2	ADRAS-J	ISSA	Civil	Japan	Partial	Milestone	Revenue
3	ELSA-M	EOL	Civil	UK	Partial	Milestone	Revenue
4	COSMIC	ADR	Civil	UK	Full	Milestone	Revenue
5	ISSA-J1	ISSA	Civil	Japan	Full	Milestone	Other income
6	ADRAS-J2	ADR	Civil	Japan	Full	Milestone	Revenue
7	LEXI-P	LEX	Commercial	US	Full	Milestone	Revenue
8	Project A	LEX	Civil	Japan	Full	Milestone	Other income
9	Project B	ADR	Civil	UK	Full	Milestone	Revenue
Potential future missions under discussion							
i	Civil A	-	Civil	-			



Note: Project timelines and details of non-contracted projects such as amount are based on current expectations of the Company and is subject to change in the future. A "fully funded" mission or project is one for which, at the outset of the mission or project, we expect that the customer contract amount or project-specific government grant amount will cover the full amount of the then-anticipated mission or project expenses which has been proposed by us. A "partially funded" mission or project is one for which, at the outset of the mission or project, we expect that the customer contract amount or project-specific government grant amount will cover less than the full amount of the then-anticipated mission or project expenses. The actual amount of the contract or the costs incurred for these projects may differ materially from our current expectations. In particular, if we experience unexpected cost increases after the contracts are concluded, we may be required to absorb such cost increases depending on the project, resulting in our costs exceeding the funding amount to a greater extent than initially expected.

Defense-related Pipeline Status

(As of Dec. 13, 2024)

Expected Project Timeline
Self-funded
Defense (Contracted)
Commercial (Contracted)
● / Planned Launch
Defense (Non-contracted)
Commercial (Non-contracted)

FX assumption:
US$1 = ¥140
€1 = ¥150
£1 = ¥175

#	Project	Service	Customer	Entity	Funding	Payment	Accounting	CY2020 / FY2021	CY2021 / FY2022	CY2022 / FY2023	CY2023 / FY2024	CY2024 / FY2025	CY2025 / FY2026	CY2026 / FY2027	CY2027 / FY2028
Projects contracted, awarded and under proposal															
1	APS-R	LEX	Defense	US	Partial	Milestone	Other income				$29.4mm (¥4.2bn)				
2	Defense A	ISSA	Defense	N/A	Full	Milestone	Revenue								
Potential future missions under discussion															
i	MELCO (Bus)[1]	Others	Comm./Def.	Japan											
ii	Defense B	ISSA	Defense	N/A											
iii	Defense C	LEX	Defense	N/A											
iv	Defense D	Others	Defense	N/A											

(1) Collaboration with Mitsubishi Electric Corporation to develop and produce satellite buses for Japanese national security constellations announced on February 27, 2023. Link to press release here.
Note: Project timelines and details of non-contracted projects such as amount are based on current expectations of the Company and is subject to change in the future. A "fully funded" mission or project is one for which, at the outset of the mission or project, we expect that the customer contract amount or project-specific government grant amount will cover the full amount of the then-anticipated mission or project expenses which has been proposed by us. A "partially funded" mission or project is one for which, at the outset of the mission or project, we expect that the customer contract amount or project-specific government grant amount will cover less than the full amount of the then-anticipated mission or project expenses. The actual amount of the contract or the costs incurred for these projects may differ materially from our current expectations. In particular, if we experience unexpected cost increases after the contracts are concluded, we may be required to absorb such cost increases depending on the project, resulting in our costs exceeding the funding amount to a greater extent than initially expected.

Future Commercial Business

(As of Dec. 13, 2024)

Expected Project Timeline
Self-funded
Commercial (Contracted)
Commercial (Contracted)
● / Planned Launch
Commercial (Non-contracted)
Commercial (Non-contracted)

FX assumption:
US$1 = ¥140
€1 = ¥150
£1 = ¥175

#	Project	Service	Customer	Entity	Funding	Payment	Accounting
EOL Missions (ELSA-M Series)							
3	ELSA-M	EOL	Institutional	UK	Partial	Milestone	Revenue
-	EOL	EOL	Commercial	UK	Full	TBD	Revenue
LEX Missions (LEXI Series)							
7	LEXI-P	LEX	Comm./Insti.	US	Full	Milestone	Revenue
-	LEXI-G	LEX	Institutional	US	Full	Milestone	Revenue
-	LEXI-C	LEX	Commercial	US	Full	TBD	Revenue

CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | CY2027

FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028

Phase 2: €2.9mm (¥435mm)
Phase 3: €14.8mm (¥2.2bn)
Phase 4: ~€13.95mm (¥2.0bn)

Leads to EOL service
Expect multiple mission contracts per year

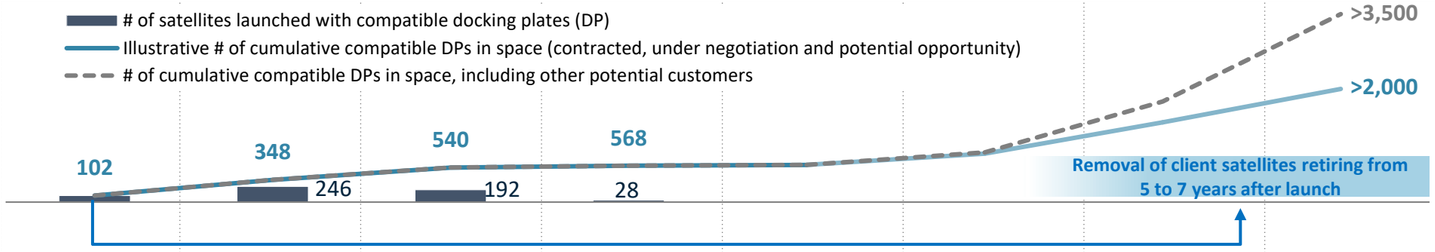
ELSA-M



ELSA-M Service Assumptions

ELSA-M Servicer
- Removals per mission : **3** debris

Client Satellite
- Lifetime : **5–7** years
- Illustrative failure rate(1) : **7–8** %



$121mm (¥16.9bn)

Leads to LEX service

Target total of 1 to 2 contracts per year between institutional and commercial

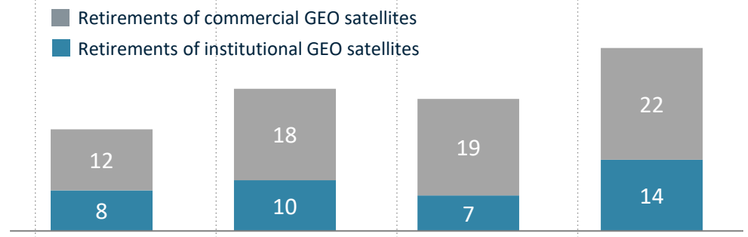
LEXI



LEXI Service Assumptions

LEXI Servicer
- Total life extension capability : **15** years
- Revenue per servicer (In case of servicer sale) : **~ $215 mm**

Client Satellite (GEO Satellites)
- Lifetime : **15** years
- Cost : **Several hundred mm$**



(1) Illustrative rates based on satellite failure rate research of historical satellite systems. These rates do not represent actual failure rates of current satellite systems with compatible DPs. Note: ELSA-M/LEXI service assumptions, number of compatible docking plates on orbit, retirements of GEO satellites, etc. shown above are based on our estimates and may differ from actual results. Project timelines and details of non-contracted projects such as amount are based on current expectations of the Company and is subject to change in the future.

FY2025 Full-year Earnings Forecast

We revise down Project Income forecast due to project timing shift. We newly disclose profit items.

¥ million	FY4/2025 New Forecast	FY4/2024 Result	YoY	FY4/2025 Prev. Forecast
Project Income	12,000	4,667	157.1%	18,000
Revenue (IFRS)	8,000	2,852	180.4%	-
Govt Grant Income	4,000	1,814	120.4%	-
Gross Profit	0	(2,245)	+2,245	-
Gross Margin (%)	0.0%	(78.7%)	+78.7ppt	
Operating Profit	(17,000)	(11,555)	(5,444)	-
Profit (Loss) Before Tax	(18,500)	(9,219)	(9,238)	-
Profit (Loss)	(18,500)	(9,181)	(9,199)	-

Forex assumption: $1.00=¥140.00、€1.00=¥150.00、£1.00=¥175.00 (FY2024 result: $1.00=¥ 146.23, €1.00=¥ 158.29 and £1.00=¥183.85).
Forex sensitivity to Project Income (if JPY depreciated by ¥1): +¥50million for $, +¥3million for £.

Note: The reason for not disclosing profit projections is that large projects have a high possibility of differences in cost recognition for each case and until the contract details are known, it is impossible to eliminate uncertainties at this point. We plan to immediately announce full-year profit forecasts as soon as the orders for a large project, expected to be concluded during the fiscal year ending April 2025, are confirmed. Forex sensitivity is the amount of impact on project income for each ¥1 depreciation in the yen exchange rate.

Guiding Principles for Earnings Forecasts

Our earnings forecasts are developed and disclosed based on the following principles.

Item	Principle	In the Case of FY2025
Project Income	• We will only include project income from: A. Projects with signed contracts. B. Non-competitive follow-on phases. C. Projects that are close to finalizing contracts.	*A. ADRAS-J, ELSA-M Phase 3 & 4, COSMIC Phase 2, ISSA-J1 Phase 1, ADRAS-J2, APS-R* *B. ISSA-J1 Phase 2* *C. LEXI-P, Project A*
Revenue Recognition Timing	• Revenue recognition timing for running projects shall be based on contract details. • Revenue recognition timing for non-contracted projects shall be based on disclosed project schedules or documentation such as MOUs or termsheets.	*A. All based on contract details.* *B. Based on pre-agreed program timeline.* *C. LEXI-P is based on termsheet and current negotiation status. Project A is based on disclosed project schedule.*
Expense	• All expenses are forecasted through a rigorous internal budgeting process. • Regular monitoring is conducted by the management and Board of Directors to ensure appropriate oversight.	• *Expense estimates were updated based on the principles.*
Revisions Disclosure	• New projects meeting the project income criteria will be promptly added to the forecast and disclosed. • Significant deviance of actual performance from forecasts will be promptly reflected and disclosed.	• *This mid-year update is disclosed based on the principles.*

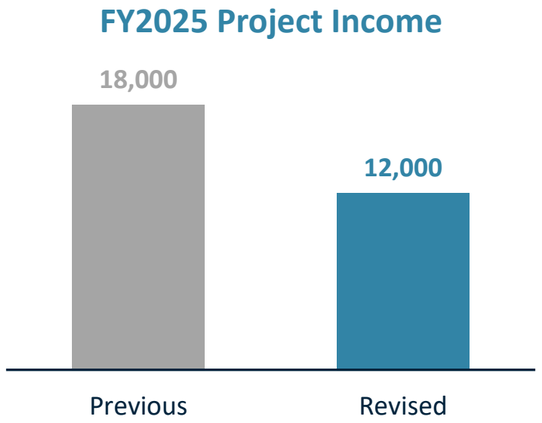
FY2025 Full-year Earnings Forecast: Key Revision Details

Lowered project income forecast due to contract delays but no fundamental deterioration in business; maintain target for gross profit breakeven.

FY2025 Project Income Forecast

Key Revision Drivers

- LEXI-P and Project A contract delay (~¥5.0bn).
- Adjustment of non-contracted projects based on guideline (~¥1.0bn).



Project Status

- **LEXI-P discussion is on track**. Continue to aim to begin revenue recognition within this fiscal year.
- **Project A bid already submitted**. Award timing has been delayed to December onwards but still aiming to contract within this fiscal year.
- **No significant loss of business observed** at this point. While delays have adverse effect on FY2025 project income, this does not signal fundamental deterioration in business performance.

Cost and Profit Guidance

Costs

- **No change from prior guidance.**
- **Cost of sales is on track** with no significant deviation from expectations.
- **R&D expenses on track** to significantly exceed FY2024 due to pre-contract development cost on LEXI-P. Expect significant decrease in FY2026 once LEXI-P is under contract.
- **Non-R&D SG&A is under budget**.

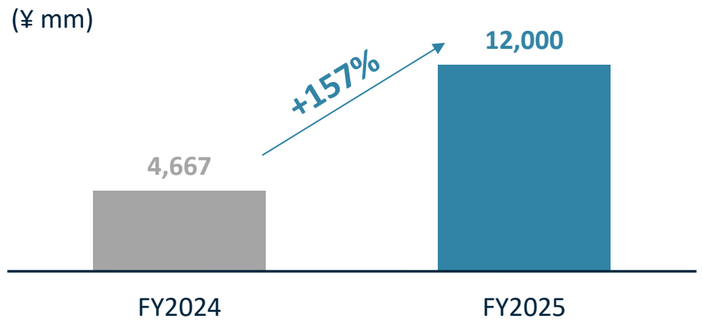
Profit

- **Maintaining gross profit breakeven target for FY2025**. Reduction of project income offset by cost of sales management.
- **Expecting significant negative operating profit** of ¥(17) billion due to contribution from increased R&D costs in FY2025. Expect bottoming out of losses this fiscal year.

FY2025 Full-year Earnings Forecast: YoY Analysis

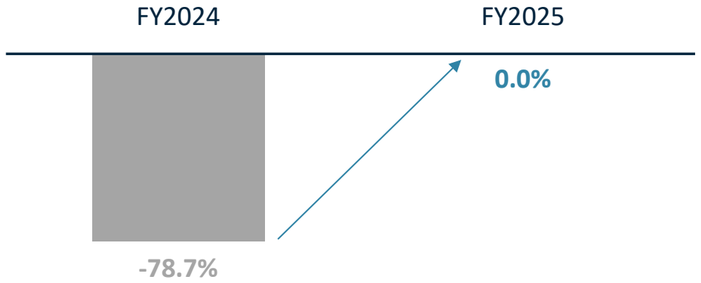
Revised earnings forecast represents significant improvement in top line and gross margin. Continue to focus on profitability to improve OP.

Project Income



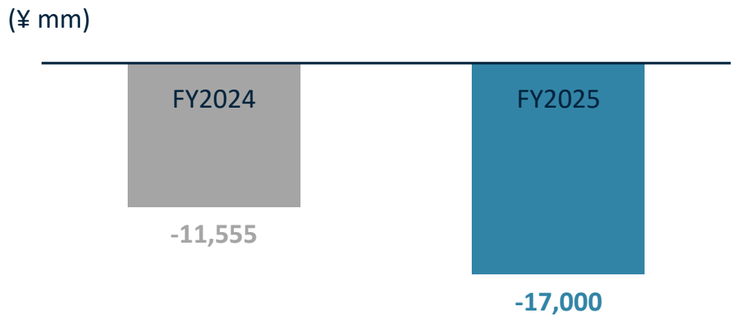
- Project income increase driven by existing projects (ISSA-J1, APS-R) and new contracts newly signed and expected to be signed in FY2025 (ELSA-M Phase4, COSMIC Phase 2, ADRAS-J2, LEXI-P, Project A).
- Expect significant contribution from the LEXI-P mission in Q4.

Gross Margin



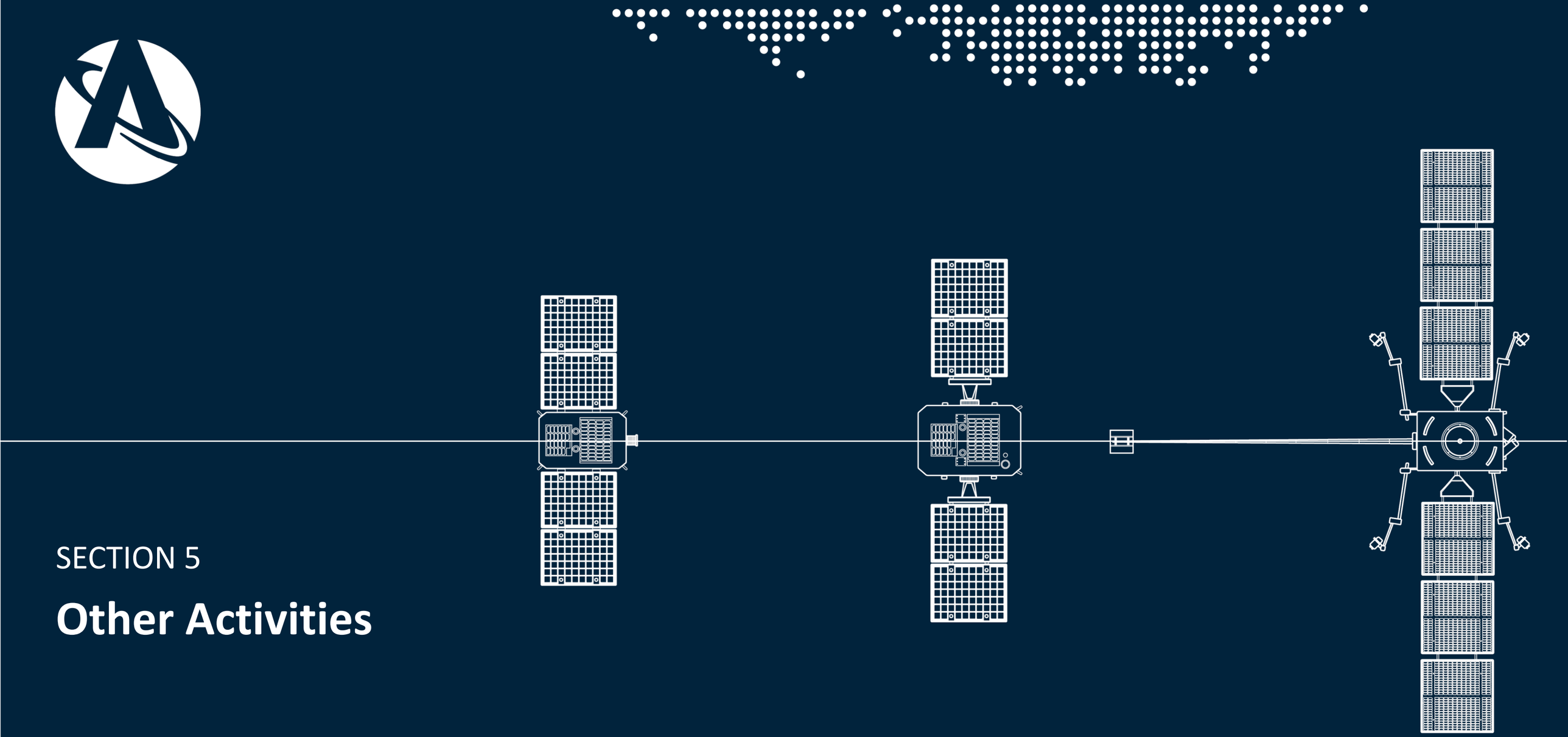
- Increasing number of fully-funded(1) projects will drive margin expansion in FY2025.
- Expect negative effect from loss-provisions booked for partially-funded projects to be fully offset by fully-funded projects.
- Aim to continue driving gross margin expansion in future years by increasing the ratio of project income from fully-funded projects and improving profitability of each project.

Operating Profit (Loss)



- Increase in operating loss driven by:
  - Losses on partially-funded projects.
  - Increase in pre-contract development cost for non-contracted projects.
  - Increased SG&A from headcount growth.
- Achieve bottoming out of operating loss in FY2025 through:
  - Project income and margin growth.
  - Significantly lower R&D expense.
  - Non-R&D SG&A discipline.

(1) A "fully funded" mission or project is one for which, at the outset of the mission or project, we expect that the customer contract amount or project-specific government grant amount will cover the full amount of the then-anticipated mission or project expenses which has been proposed by us.



SECTION 5

Other Activities

Activities for Retail Investors in Q2

We focus on explaining our business, which may be difficult to understand, in a clear and straightforward manner to retail investors.



Presentation

Date: Oct 3, 2024



Online Presentation

Date: Oct 8, 2024

Recording in Japanese: Link



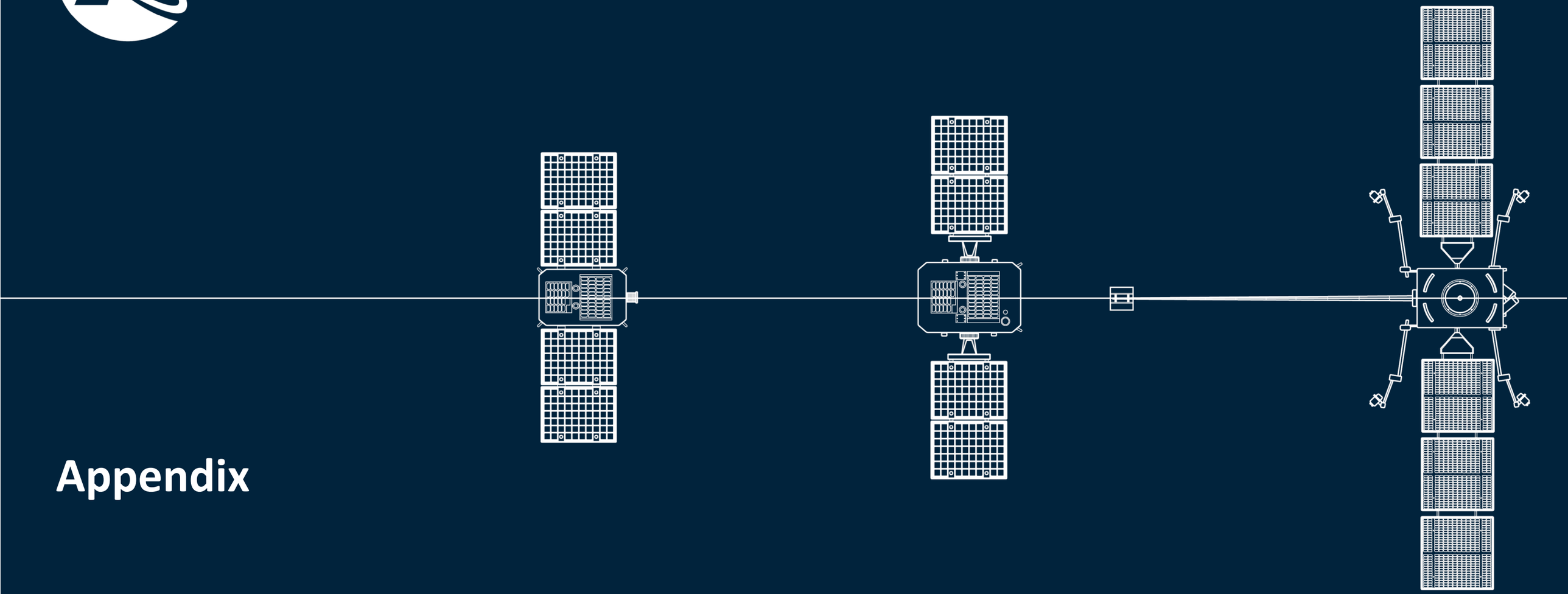
Radio

Date: Nov 13, 2024

Notice of Business Briefing Event

We are scheduled to hold the second business presentation for institutional investors and analysts as follows. Further details will follow.

1. Date / Time	January 27th, 2025 1. 10:00-11:00 JST (Japanese session) 2. 18:00-19:00 JST (English session)
2. Format	ZOOM Webinars
3. Speaker	Founder and CEO Nobu Okada Director and COO Chris Blackerby (English session only) Director and CFO Nobuhiro Matsuyama



Appendix

Historical Financial Information: Income Statement

(¥ million)	FY2022	FY2023	FY2024	FY2024 Q2 YTD	FY2025 Q2 YTD
Order bookings	675	2,980	6,775	-	15,481
Project Income (Non-GAAP)	910	1,792	4,667	1,252	2,520
Revenue (IFRS)	910	1,792	2,852	1,227	725
Cost of Sales	(2,742)	(6,988)	(5,097)	(1,585)	(5,067)
Gross Profit (Loss)	(1,832)	(5,195)	(2,245)	(357)	(4,341)
Gross Margin	(201.3)%	(289.8)%	(78.7)%	(29.2)%	(598.2)%
SG&A expenses - R&D	(2,170)	(2,861)	(5,001)	(1,461)	(5,898)
SG&A expenses - non-R&D	(2,591)	(4,547)	(6,694)	(2,786)	(4,084)
Other Income	190	2,938	2,386	26	2,203
Operating Profit (Loss)	(6,404)	(9,665)	(11,555)	(4,579)	(12,121)
Operating Margin	(703.5)%	(539.1)%	(405.1)%	(373.1)%	(1,670.1)%
Finance Income	853	507	2,824	1,873	23
Finance Costs	(12)	(155)	(488)	(222)	(848)
Profit (Loss) Before Tax	(5,563)	(9,314)	(9,219)	(2,929)	(12,946)
Income Tax	79	49	38	(0)	(0)
Profit (Loss)	(5,484)	(9,264)	(9,181)	(2,929)	(12,946)
Earnings Per Share (¥)	(73.66)	(111.16)	(101.45)	(32.49)	(116.35)

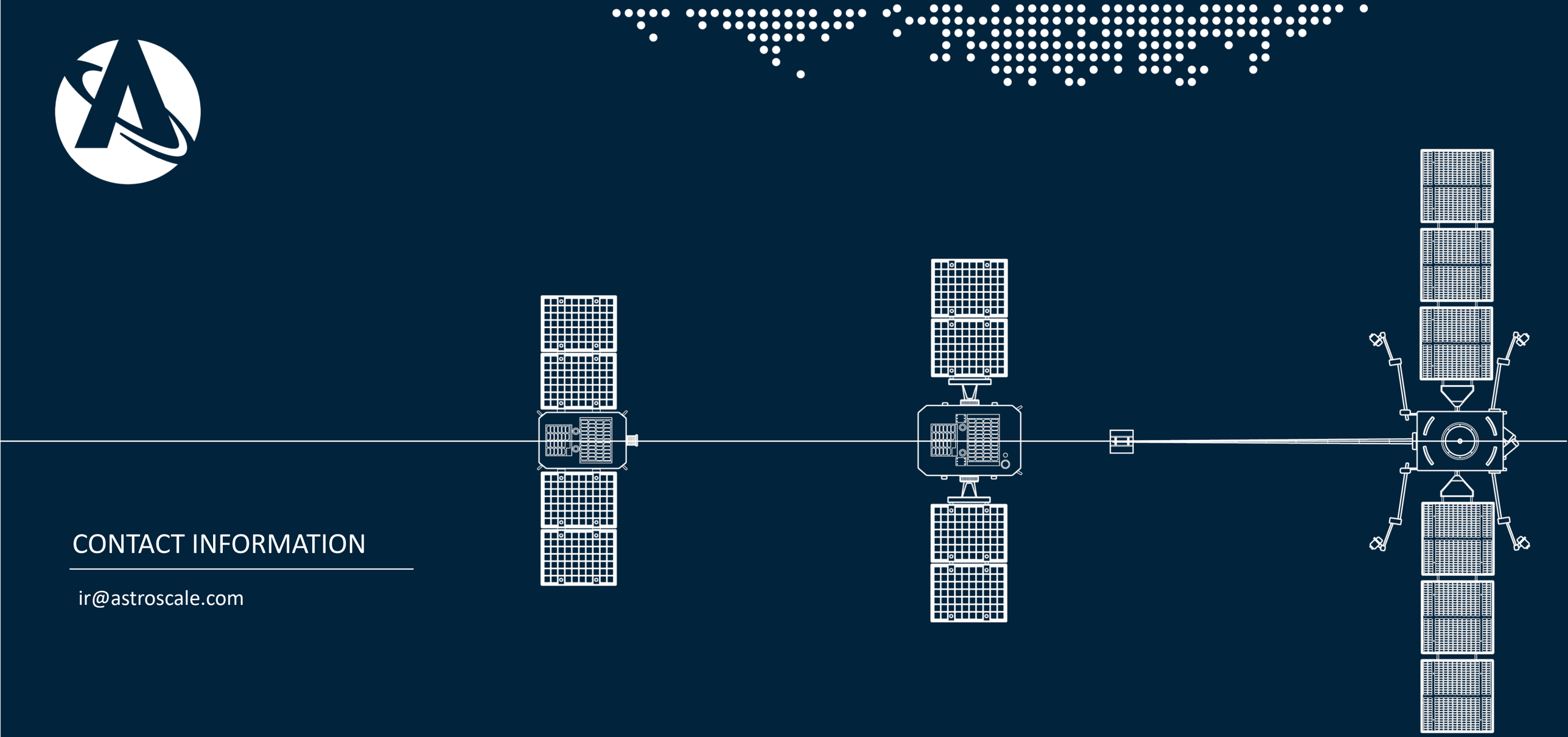
Historical Financial Information: Balance Sheet

(¥ million)	FY2022	FY2023	FY2024	FY2024 Q2	FY2025 Q2
Assets					
Current assets					
Cash and cash equivalents	16,869	22,678	14,196	17,715	27,764
Trade and other receivables	401	472	1,044	642	678
Contract Assets	84	496	794	689	1,202
Other current assets	235	769	1,710	613	2,647
Total current assets	17,590	24,417	17,746	19,661	32,293
Non-current assets					
Property, plant and equipment	1,778	5,151	6,214	6,179	6,175
Intangible assets	143	138	220	141	248
Other non-current assets	613	730	809	765	785
Total non-current assets	2,535	6,020	7,244	7,086	7,209
Total assets	20,125	30,437	24,990	26,747	39,502

(¥ million)	FY2022	FY2023	FY2024	FY2024 Q2	FY2025 Q2
Liabilities					
Current liabilities					
Trade and other payables	774	1,674	2,945	1,421	1,717
Contract Liabilities	109	253	-	15	5,893
Borrowings (Current)	943	988	2,487	1,038	3,429
Provision (Current)	1,899	3,726	2,071	1,795	2,549
Lease obligations (Current)	146	226	239	237	248
Other current liabilities	73	116	1,119	102	207
Total current liabilities	3,946	6,987	8,864	4,611	14,045
Non-current liabilities					
Borrowings (Non-current)	500	5,475	7,375	6,753	7,325
Provision (Non-current)	672	43	271	260	2,164
Lease obligations (Non-current)	914	3,041	3,078	3,027	2,976
Total non-current liabilities	2,087	8,559	10,725	10,041	12,465
Total liabilities	6,033	15,547	19,589	14,653	26,511
Equity					
Share capital	100	100	100	600	10,212
Capital surplus	14,881	19,643	7,858	20,139	9,751
Retained earnings	(487)	(4,287)	(679)	(7,217)	(5,622)
Other reserves	(402)	(564)	(1,878)	(1,427)	(1,350)
Equity attributable to owners of the parent	14,091	14,890	5,401	12,094	12,991
Total Equity	14,091	14,890	5,401	12,094	12,991
Equity and liabilities	20,125	30,437	24,990	26,747	39,502
Borrowings	1,443	6,464	9,863	7,792	10,755

Historical Financial Information: Cash Flow Statement

(¥ million)	FY2022	FY2023	FY2024	FY2024 Q2 YTD	FY2025 Q2 YTD
Cash flow from operating activities					
(Loss) / Profit before taxation	(5,563)	(9,314)	(9,219)	(2,929)	(12,946)
Depreciation / Amortization	192	455	739	354	437
(Increase) / Decrease in trade and other receivables	588	(894)	(1,738)	(249)	(1,064)
Increase / (Decrease) in trade and other payables	451	1,045	881	(581)	4,728
Increase / (Cecrease) in provisions	(629)	1,067	(1,952)	(2,085)	2,274
Others	(712)	(2,864)	(3,988)	(858)	(797)
Subtotal	(5,673)	(10,505)	(15,277)	(6,350)	(7,368)
Others	172	2,568	2,455	(66)	669
Cash flow from operating activities	(5,501)	(7,937)	(12,822)	(6,416)	(6,698)
Cash flow from investing activities					
Purchase of property, plant and equipment	(480)	(1,528)	(1,082)	(907)	(286)
Purchase of intangible assets	(24)	(10)	(87)	(0)	(51)
Others	(157)	(95)	(12)	(12)	-
Cash flow from investing activities	(662)	(1,634)	(1,182)	(920)	(338)
Cash flow from financing activities					
Proceeds from issuarance of shares	12,381	10,189	996	996	19,854
Net increase (decrease) in short-term borrowings	943	20	1,424	-	942
Proceeds and Repayments of long-term borrowings	500	5,000	1,975	1,328	-
Others	(30)	18	(250)	(142)	(42)
Cash flow from financing activities	13,794	15,227	4,145	2,182	20,754
Effects of changes in foreign exchange rates	295	154	1,377	191	(148)
Change in cash and cash equivalents	7,925	5,809	(8,482)	(4,963)	13,568
Cash and cash equivalents at beginning of period	8,943	16,869	22,678	22,678	14,196
Cash and cash equivalents at end of period	16,869	22,678	14,196	17,715	27,764
Free Cash Flow	(6,163)	(9,571)	(14,004)	(7,336)	(7,036)



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