FY2025 Second Half Business Update Presentation



Astroscale Holdings Inc.

(Ticker: 186A)

January 27, 2025

Astroscale Proprietary

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Today’s Speakers



Nobu Okada

Founder & CEO

Nobu is a globally recognized leader in the start-up space ecosystem. He has a history of entrepreneurship and a visionary philosophy that has driven the advancement of the on-orbit servicing industry.



Nobuhiro Matsuyama

CFO

Matsu comes with a wealth of experience in financial strategy, capital markets and risk management. He has advised numerous global companies on strategic capital raises and M&A, and led investments into multiple startup companies.

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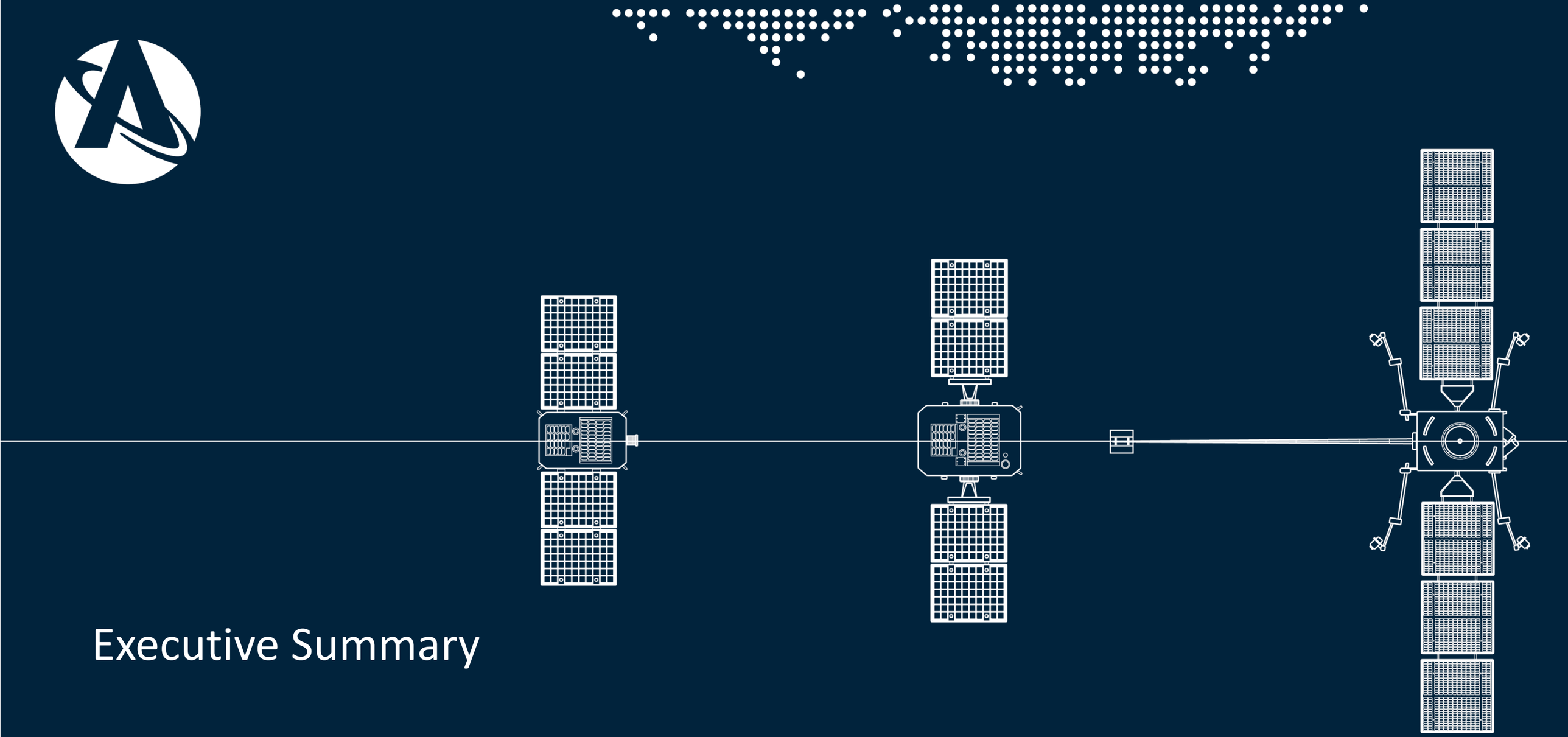
Section 3: Our Strategic Paths and Competitive Advantages

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Appendix

Information is presented 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”.



Executive Summary

Executive Summary

1. Our Vision and Mid to Long-term Goal

- Space is a crucial economic driver for Earth‘s economy. Space assets are at risk due to increase in satellites and debris.
- The value chain in the space industry lacks after-sales services, and on-orbit services complement a sustainable space ecosystem.
- By 2030, we will provide On-Orbit Services (OOS) as a routine service, and by 2035, we will establish OOS as an infrastructure service in space.

2. Market Growth and Competitive Landscape

- The cumulative revenue opportunity for the OOS market is expected to be US$18.2 billion through 2033.
- In addition to the technological development needs of government agencies, global demand for OOS utilizing RPO technology from defense agencies is increasing from 2024.
- We has successfully demonstrated the essential RPO technology for on-orbit services twice through government missions.

3. Our Strategic Paths and Competitive Advantages

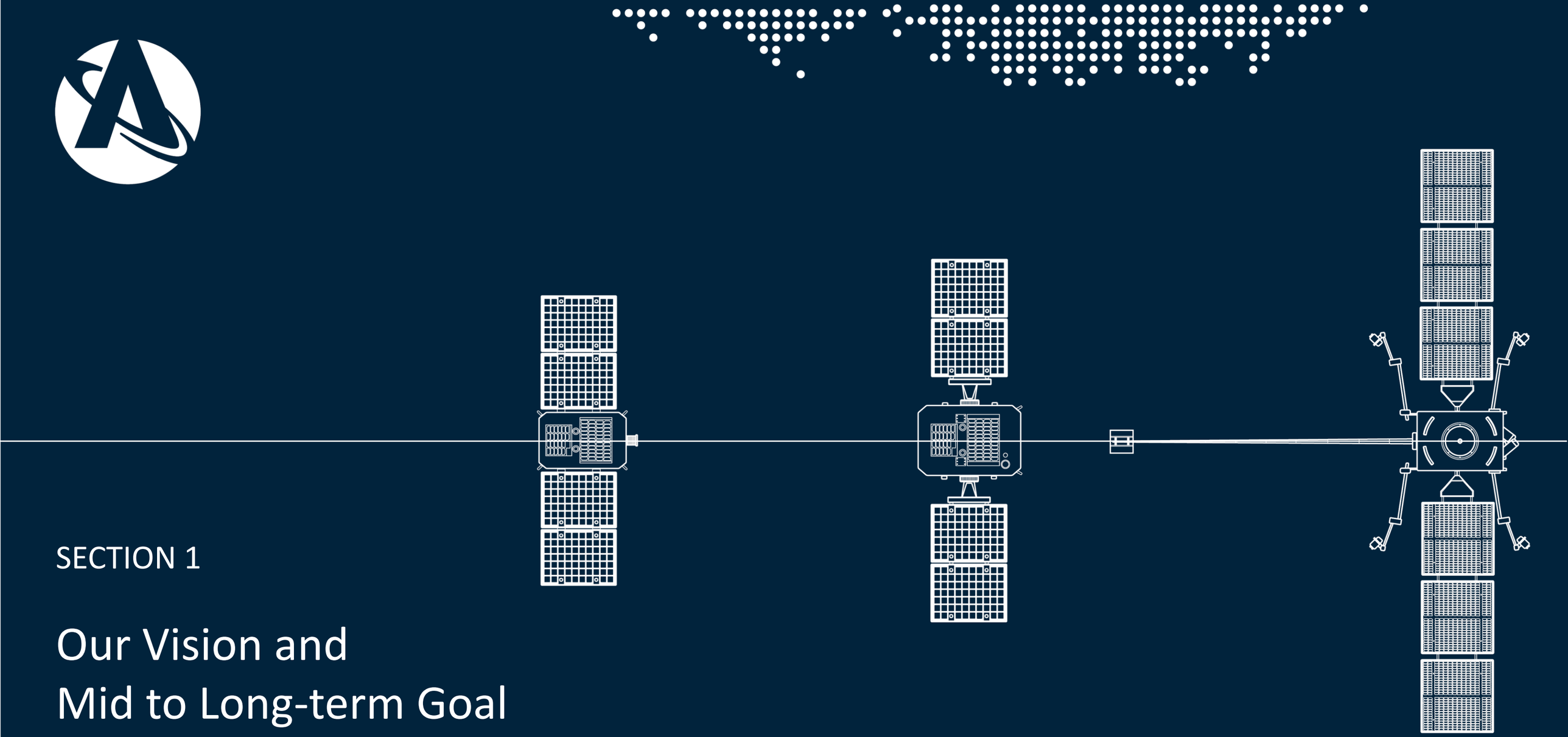
- We strategically deploy teams in five countries, establishing a system that allows access to government and defense-related contracts in multiple nations/regions.
- We are the only company in the world to have demonstrated RPO technology on non-cooperative objects. We plan to launch missions at a frequency surpassing other companies in the latter half of the 2020s, aiming to make OOS routine by 2030.

4. Space Environment and Policy Advancement

- In 2024, at least six major object fragmentation incidents occurred, increasing interest in space debris removal.
- Governments and international organizations around the world are accelerating efforts to introduce specific policies and regulations for the sustainable use of space.
- We, which has demonstrated innovative RPO technology, is also leading international discussions on policy. This is another factor that differentiates us from our competitors.

5. Business Pipeline and Financials

- In FY2025, the company expects to approach break-even in gross profit, with operating losses bottoming out.
- From FY2026 onwards, we aim to achieve break-even in operating profit and free cash flow as soon as possible.
- We are targeting a long-term gross margin in the mid-30% range and an operating margin in the mid-20% range.



SECTION 1

Our Vision and Mid to Long-term Goal

VISION

Safe and sustainable development of space for the benefit of future generations.

MISSION

Develop innovative technologies, advance business cases, and inform international policies that reduce orbital debris and support long-term, sustainable use of space.

GOALS

Mid-Term: Make On-Orbit Servicing (OOS) routine by 2030.

Long-term: Enable a circular space economy for prosperous development of space by 2035.



On-orbit servicing (OOS) is the key to sustainable use of space

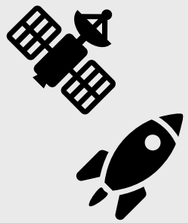
Successful economic systems are based on servicing and reusability; these do not exist in space, leading to inefficiency and risk.
On-orbit services support a robust value chain and a more sustainable and prosperous space ecosystem.

Logistics / Energy / Communications / Infrastructure Value Chain



Research & Development → Test & Manufacture → Sales → Operations → Post-sales Servicing and Support (Repair, Inspection, Maintenance, Disposal)

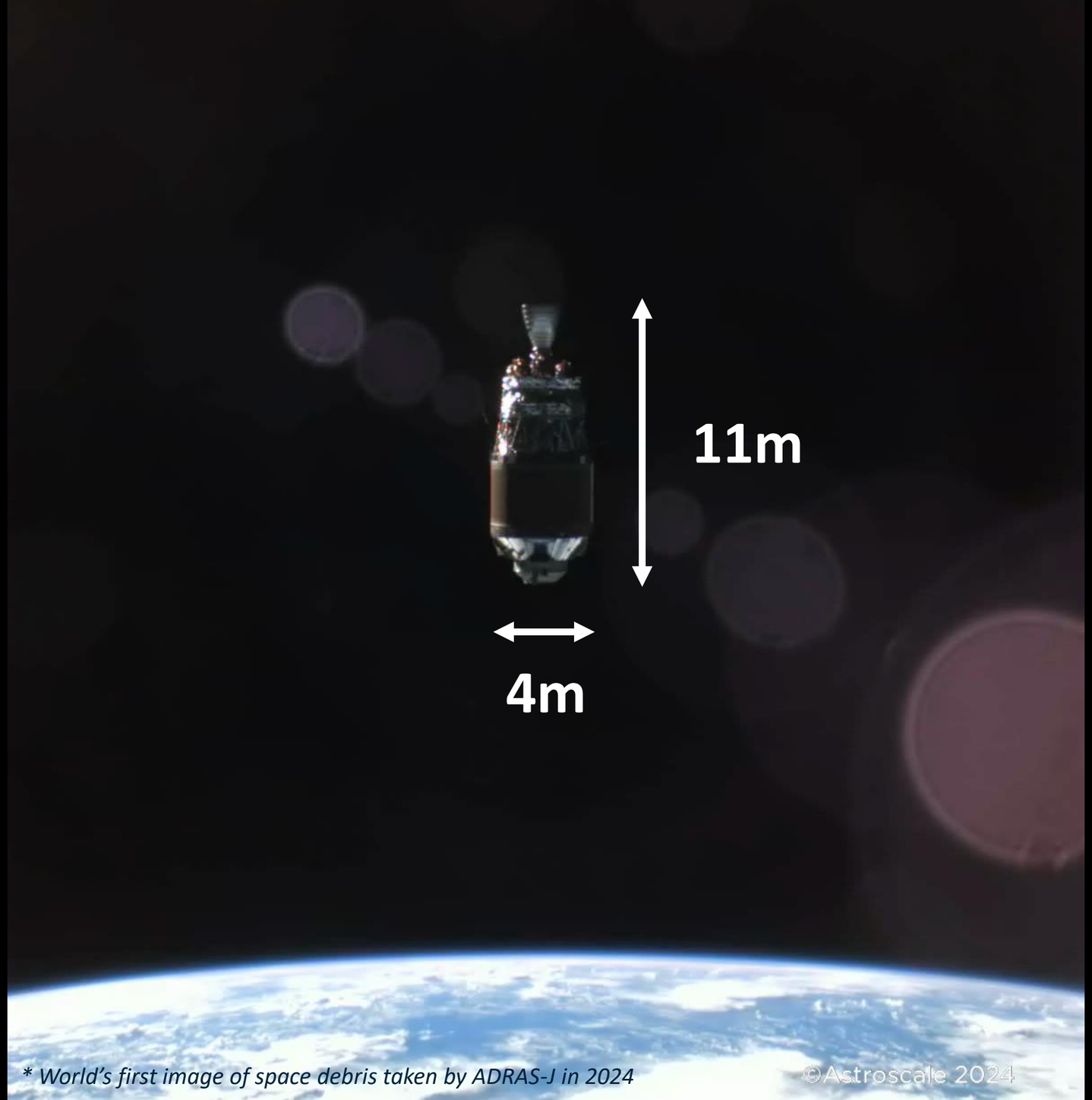
Spacecraft Value Chain



Research & Development → Test & Manufacture → Launch → Operations → *Debris Removal, Orbit Adjustments, Refueling, Observation, Inspection, Recycle, Replacement, Manufacturing and Repair**

On-Orbit Servicing (OOS)

** Some of these services are in the conceptual stage and include services that have not yet begun development.*



** World's first image of space debris taken by ADRAS-J in 2024*

©Astroscale 2024

Our goal is to develop a circular economy in space, like on Earth

A double decker bus in London is roughly the same size as the debris ADRAS-J approached. The double decker bus is refueled, repaired, and reused before being safely removed, maximizing its return and ensuring a safe environment.





Integrate OOS seamlessly into fabric of space operations

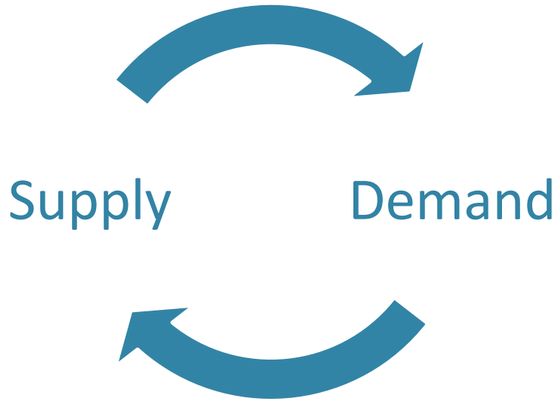
Our mid-term goal is to make OOS operations routine, establishing it as a key infrastructure service for the sustainable use of space.
Our long-term goal is to embed OOS into the space infrastructure.

2020
OOS emergence



- Emergence of Awareness and Necessity
- Acceleration of R&D and Demo Missions

2030
OOS as a routine service

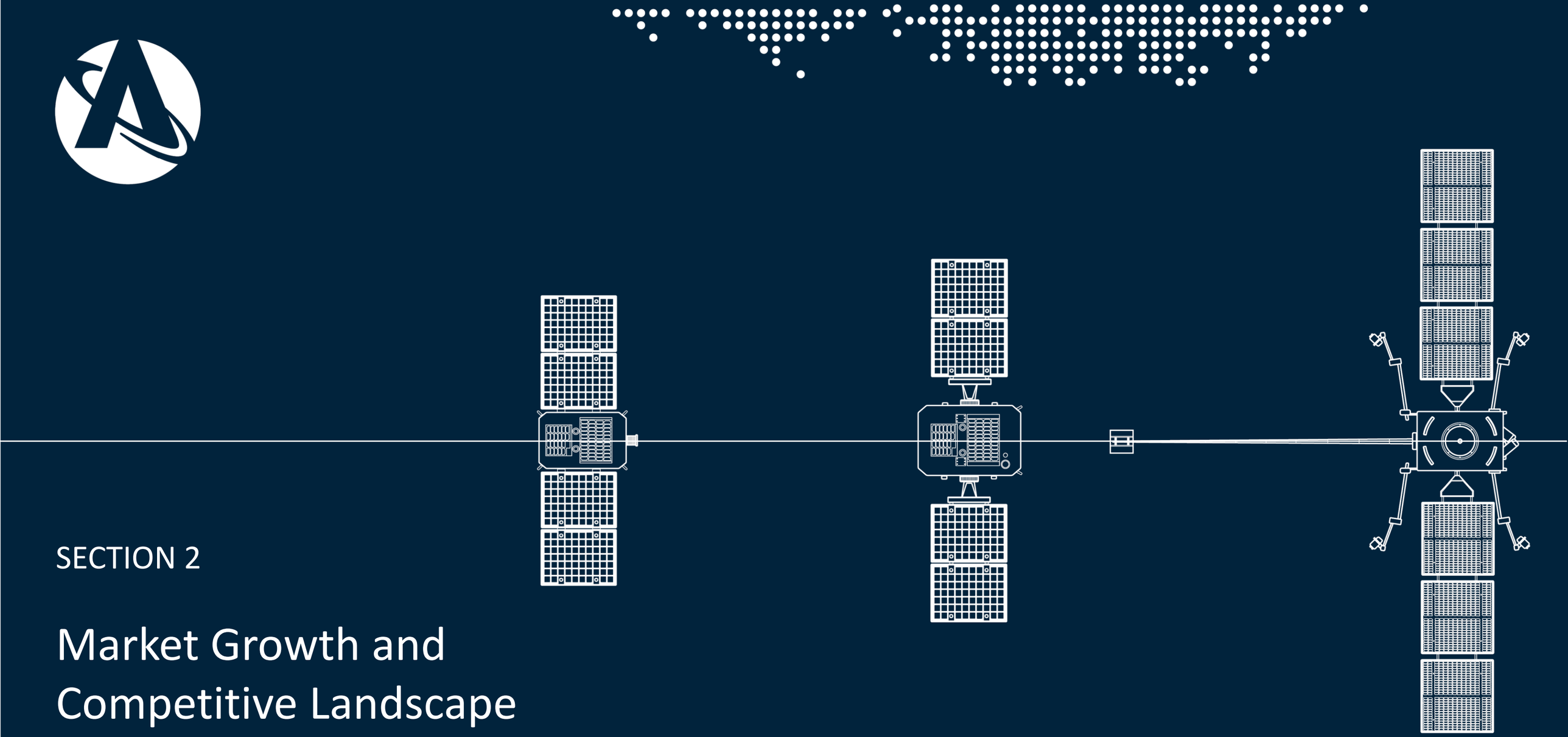


- Recurrent Demand and Supply
- Technological Advancements

2035
OOS infrastructure



- Operational Normalcy to Service Infrastructure
- Standardized Procedures and Life-cycle management



SECTION 2

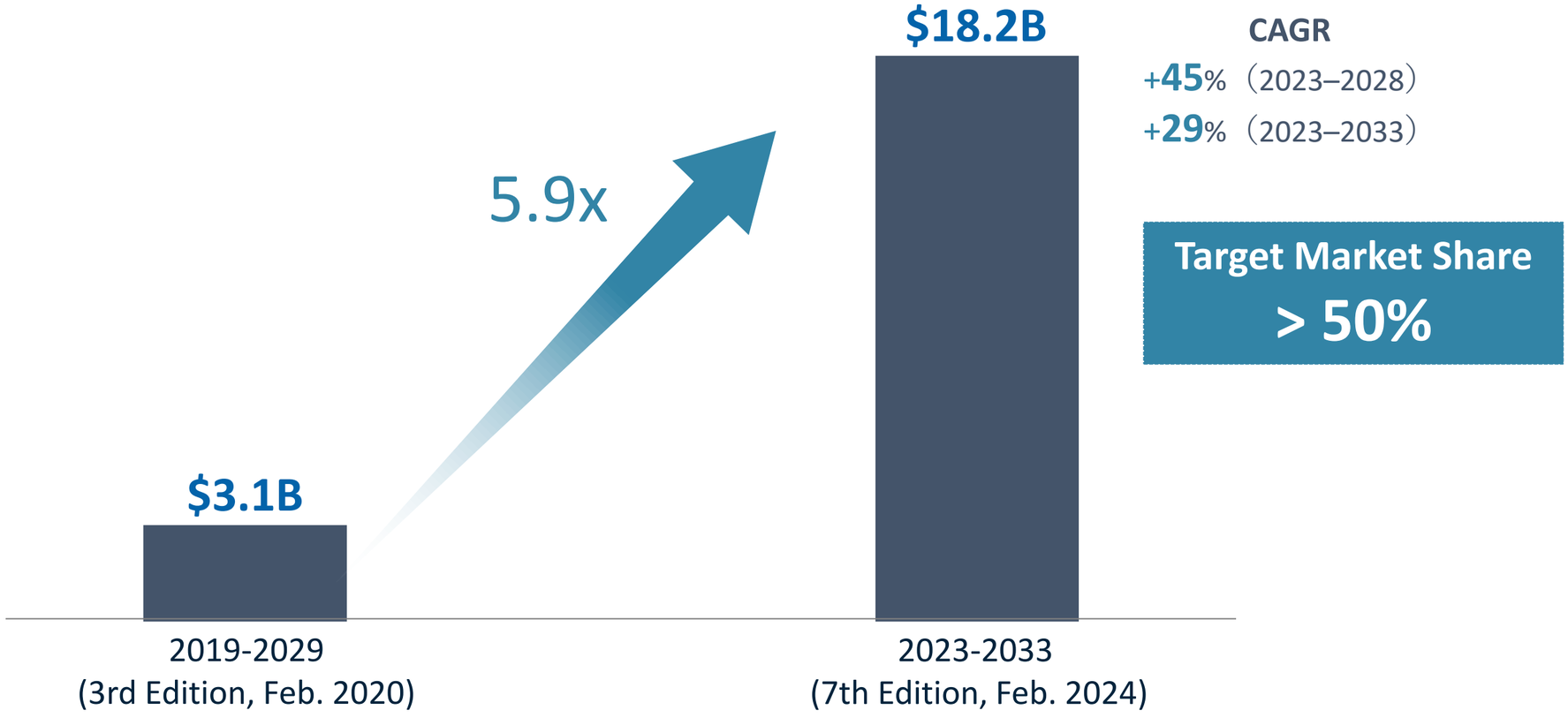
Market Growth and Competitive Landscape

Expectations for OOS market growth are significant

The projected cumulative OOS market size is $18.2 billion over the next 11 years, nearly 6 times greater than forecasts made in 2020. We are in a leading position to capture a significant share of this nascent but rapidly growing market.

On-Orbit Service Market Size

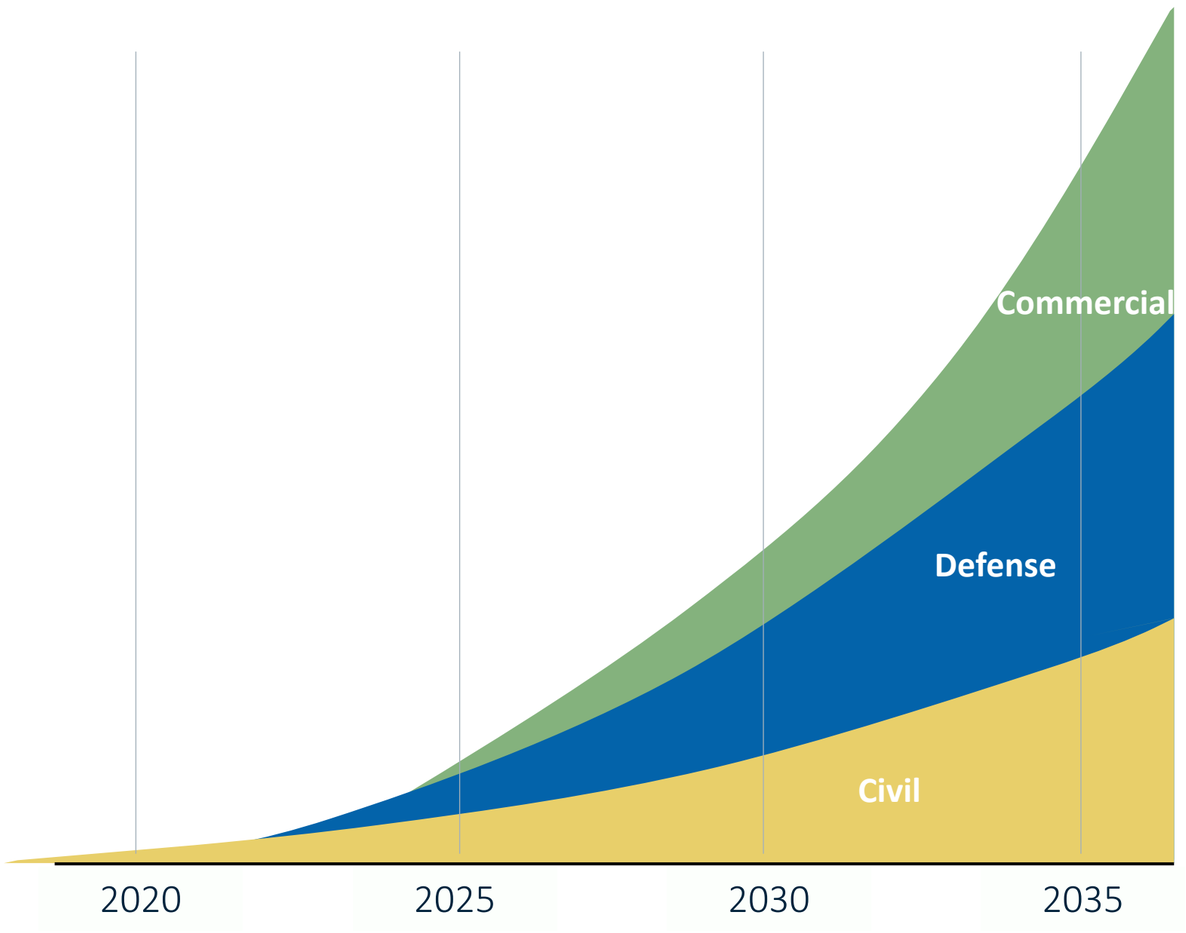
11-Year Cumulative Revenue Projection



Source：Northern Sky Research In-Orbit Services Report (NSR IOSM) 3rd, 7th edition

Growth path for OOS market – our updated views

The demand for OOS services is growing across all three market segments as incentives for action become clear.
We are responsive to market demand and remain agile.



<u>Commercial - constellations in LEO and large satellites in GEO</u>

- Domestic regulations and global best practices are changing operator behavior.
- **Customer Incentives**
  - LEO Constellations: End-of-life service (EOL) - Adhere to strengthened regulations, reduce risks of revenue loss from collisions
  - GEO Operators: Life Extension Service (LEX) - Extend revenue generation timeline of assets in orbit

<u>Defense - domestic and regional defense agencies</u>

- Space is central to geopolitics as countries seek to improve ability to monitor threats and deter adversaries
- **Customer Incentives**:
  - Enhanced RPO capabilities in space means greater security on the ground
  - Commercial sector provides defense customer with economical, effective and efficient RPO capabilities

<u>Civil - international groups and national governments</u>

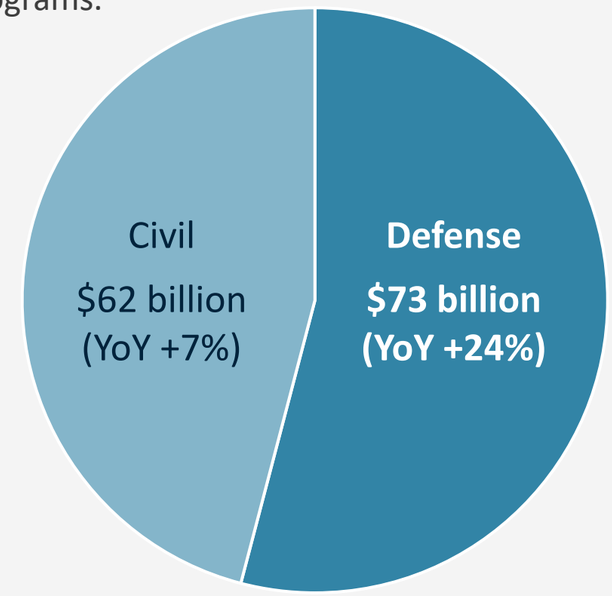
- Initial investment is supporting current R&D missions
- **Customer Incentives**:
  - International Groups: Risk reduction, Global best practices
  - National Governments: Economic growth, Market leadership, National pride

Defense agencies' OOS needs are increasing globally and concurrently

Emerging demand from defense agencies globally will advance technologies and foster development.
Growing defense demand will drive to routine operations by 2030.

Global Government Space Spending 2024

"Defense spending, now the majority of budgets at $73 billion (54%), underscores space's growing importance as a contested and strategic domain...The widening gap underscores the growing emphasis on defense-focused space programs."



Source：Novaspace (link)

Emerging Priority in OOS by Defense Agencies

US Space Force – Held Parallax Rising, a military planning exercise focused on developing capabilities for OOS refueling. (2023)

Space Development Strategy Headquarters – Adopted Space Security Initiative which includes satellite lifecycle management using on-orbit services. (2023)

France MoD – Enacted Defense Space Strategy (DSS), extending SSA capabilities to monitor activity on all orbits and be able to detect and attribute hostile acts. (2023)

UK MoD – Defense Space Strategy (2022) and Space Industrial Plan (2024) prioritizing Space Domain Awareness (SDA) and ISSA. Established the National Space Operations Centre. (2024)

Source: Air and Space Forces Magazine (link), Gov of Japan (link), Gov of USA (link)

Quotes from Defense Leaders

"It's time to bring dynamic space operations and on-orbit logistics and infrastructure to the space domain." *

Gen. Stephen N. Whiting
Head, U.S. Space Command
April 2024

"The more we rely on space infrastructure, the more invisible threats we face. It is our mission to protect people from such unforeseeable risks by developing the SDA system in collaboration with other countries."+

KANAGAWA Ayumi, Defense Plans
Section HQ Space Operations Group
August 2024

"The capabilities the USSF (*Space Force)* seeks from the commercial sector are launch services, flexible launch options, in-space servicing, and tactically responsive space capabilities…"#

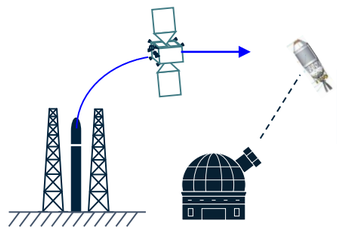
US Space Force
Commercial Space Strategy
April 2024

RPO technologies for non-cooperative objects are key for OOS

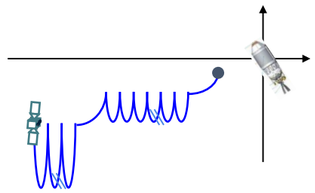
RPO technologies are the baseline for all servicing operations.
We are steadily proving these technologies through our demonstration missions.

Rendezvous and Proximity Operations Technologies

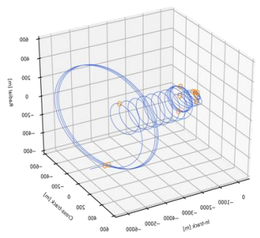
① Client orbit determination, Servicer launch time determination



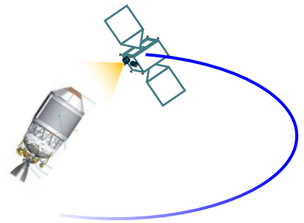
② Absolute navigation



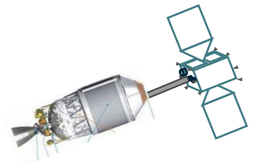
③ Relative navigation



④ Inspection, rotation rate estimation, rate-matching



⑤ Capture and stabilization



⑥ On-orbit Services*

- Debris removal
- Orbit adjustments
- Refueling
- Observation, Inspection
- Reuse/Replacement
- Manufacturing/Repair etc.

** Some of these are in the conceptual stage and include services that have not yet begun development.*

RPO to non-cooperative objects is essential to support the space economy

Approach to an unprepared and non-communicative object is extremely challenging.
This capability is in-demand from multiple customers and only Astroscale has successfully proven the technology.

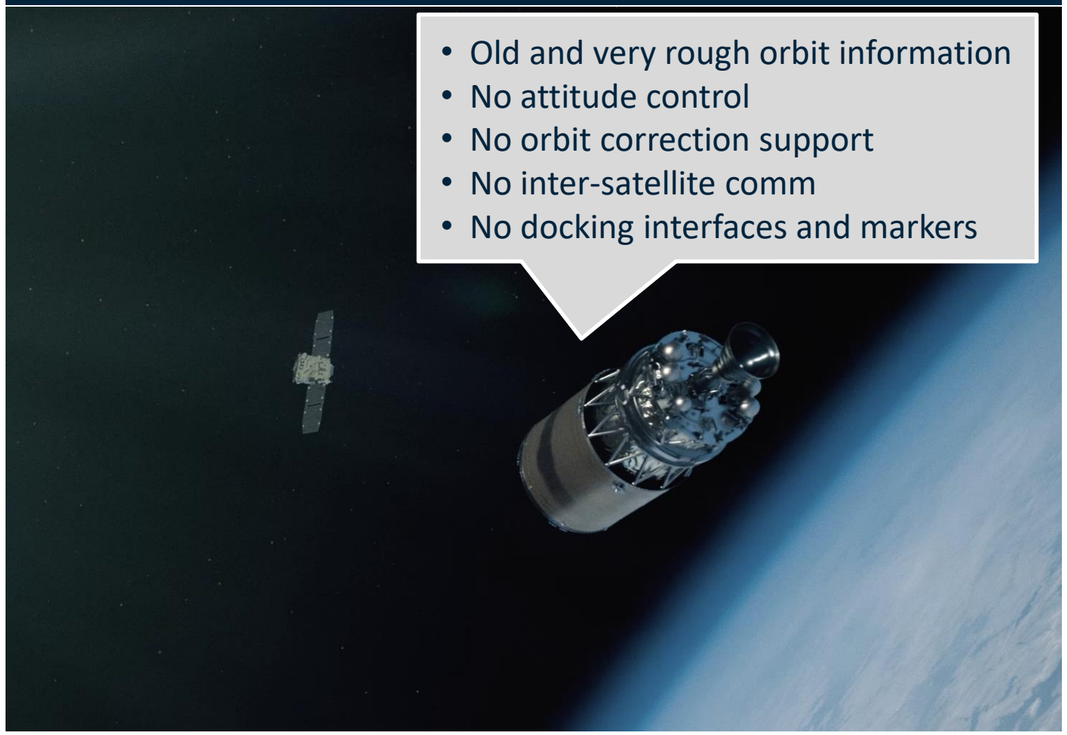
RPO for Cooperative Objects



- Precise and real-time orbit information
- Attitude control
- Orbit correction as needed
- Inter-satellite comm
- Docking interfaces and markers

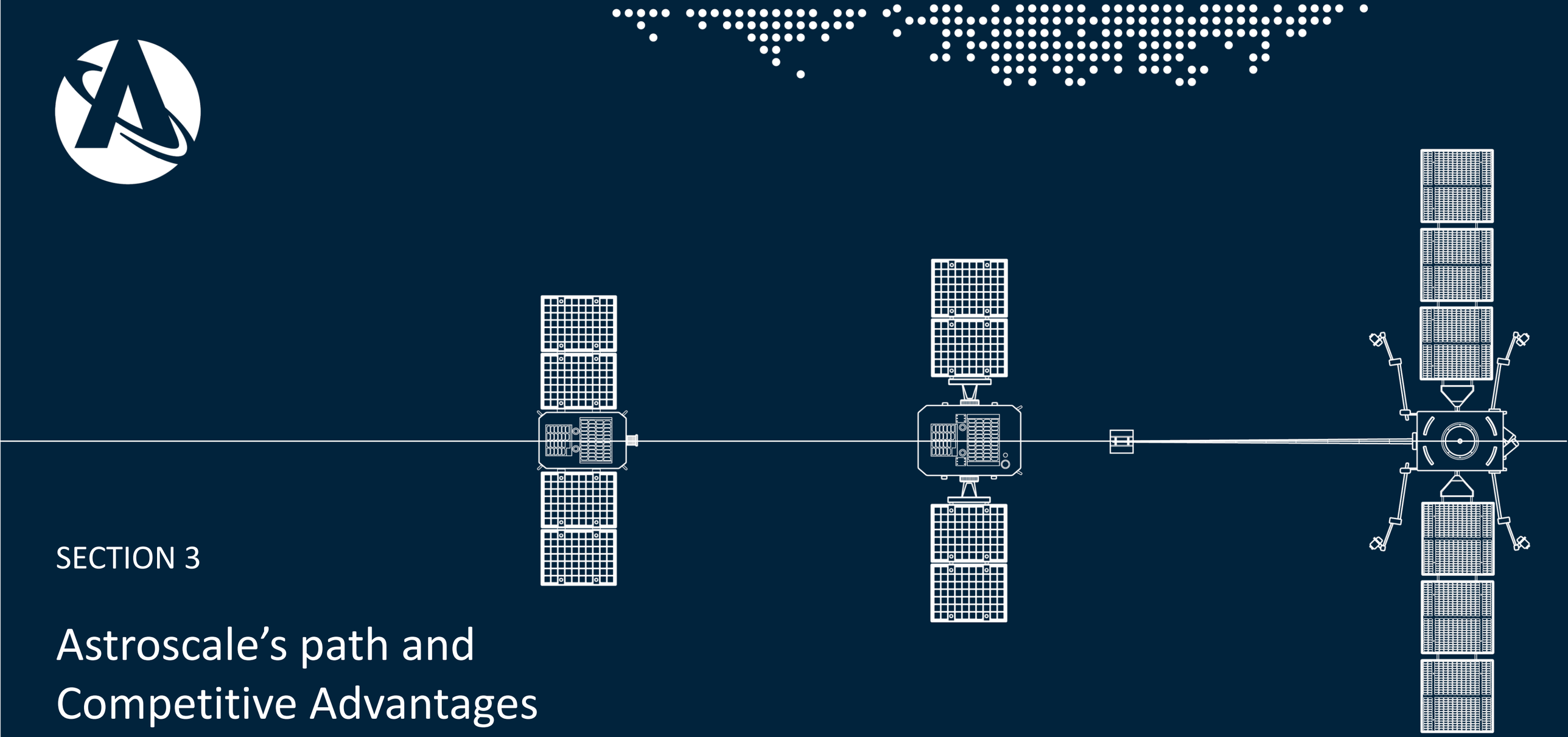
This has been demonstrated numerous times over the last 50+ years, primarily by government space agencies.

RPO for Non-Cooperative Objects



- Old and very rough orbit information
- No attitude control
- No orbit correction support
- No inter-satellite comm
- No docking interfaces and markers

Astroscale is the only company that has proven technologies in space as of December 2024.



SECTION 3

Astroscale’s path and Competitive Advantages

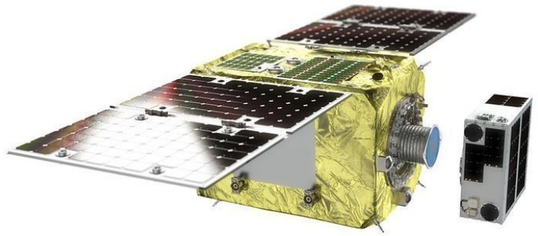
Our two satellites in orbit proved the technology needed for OOS

ELSA-d (March 2021) – The world's first debris removal demonstration satellite proved magnetic capture of an object on-orbit.
ADRAS-J (February 2024) – The world's first customer-funded satellite for close inspection of an unprepared, non-communicative client object on-orbit.

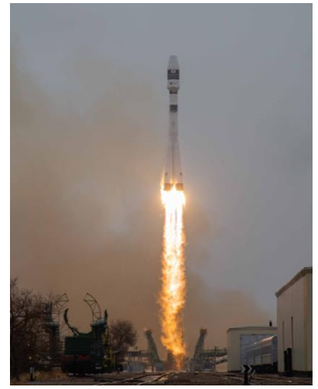
ELSA-d (Launched on March 23, 2021)

Mission:

Demonstration of core RPO technologies in orbit (navigation, sensors, magnetic capture, software) and operations on the ground (fault detection, isolation & recovery, ground segment).
Mission completed.



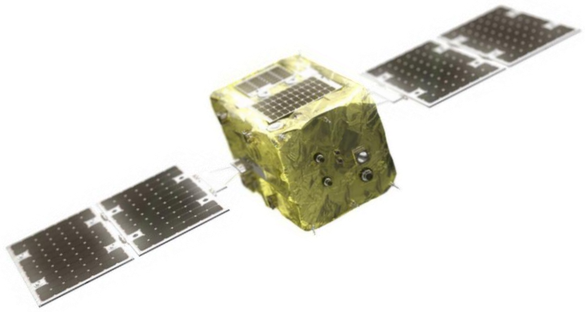




ADRAS-J (Launched on February 18, 2024)

Mission:

The first ever mission by a commercial company to rendezvous, approach and characterize an upper stage rocket body in orbit. Groundbreaking demonstration under CRD2 program initiated by JAXA.
Mission ongoing.







The ADRAS-J results have been an unprecedented success

Launch

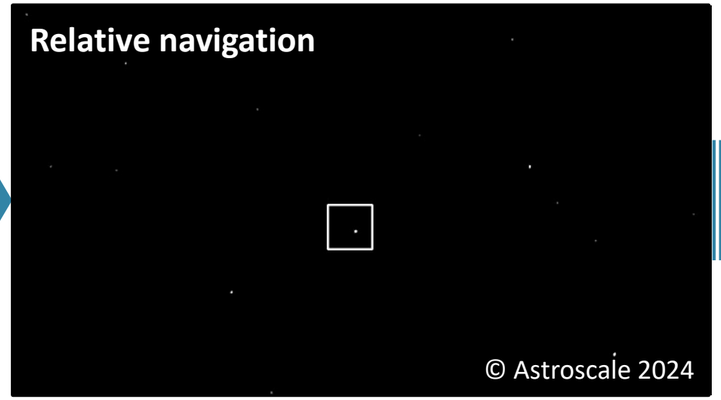


February 2024 – Dedicated launch on Rocket Lab placed ADRAS-J in the proper plane.

Absolute navigation

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

Relative navigation



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

Proximity approach (Safety Ellipse)

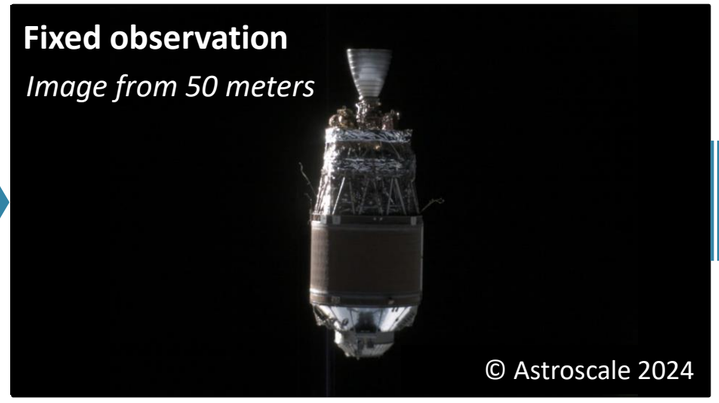
Image from a few kilometers



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

Fixed observation

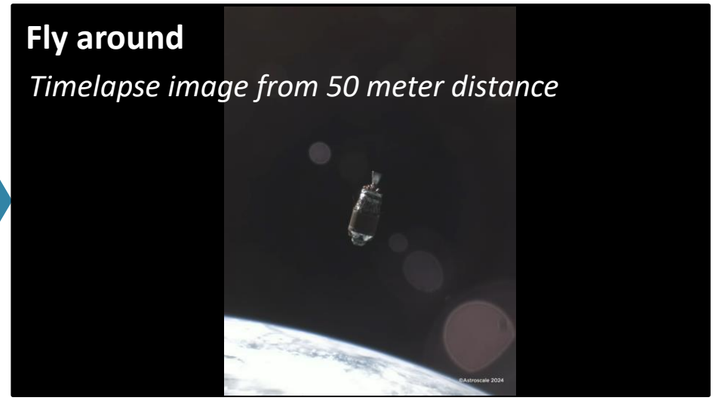
Image from 50 meters



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

Fly around

Timelapse image from 50 meter distance



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

The way for OOS to become routine by 2030

Two successful missions are driving future demand. We have plans for at least 5 launches after 2026 and will continue advance our RPO technology while demonstrating the economic value of On-Orbit Servicing. As the result, OOS is expected to become routine by 2030.

Mission launch cadence (current plan)

CY2020	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030
FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031

Launched

Planned Launch

OOS as a routine service

Supply Demand

Wider OOS applications and technological advancement

Under discussion

Under discussion

Life extension

Under discussions

Removal

Removal

Life extension

Inspection

Initial R&D and demonstration



World's first debris removal tech demo

Removal



World's first real debris inspection mission

Inspection

Our international reach prepares us for global business growth

We have facilities in 5 countries and drive our business with 640 diverse team members.

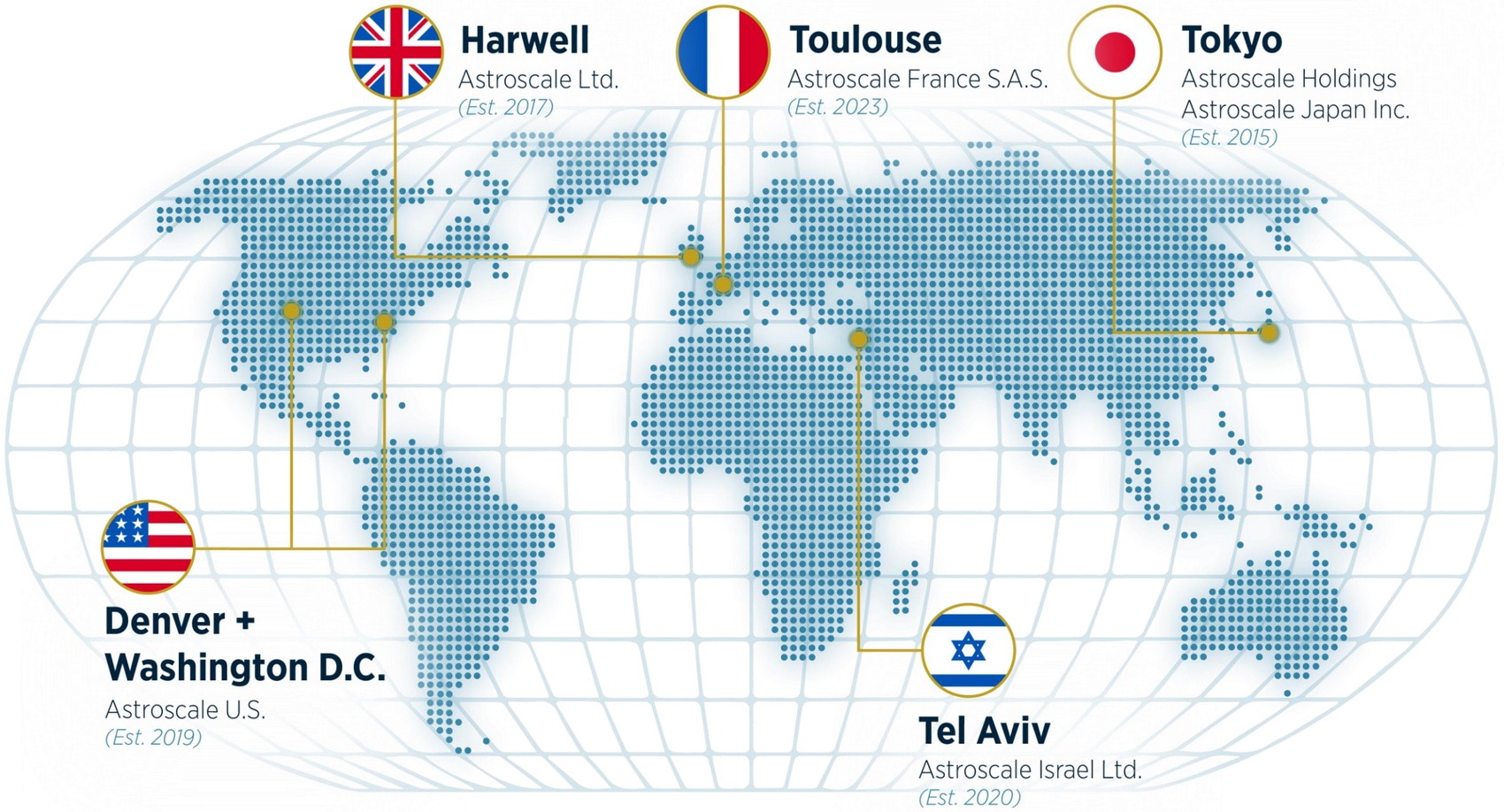
640 Diverse Team Members**

7 Offices

76% Engineers

28% Women

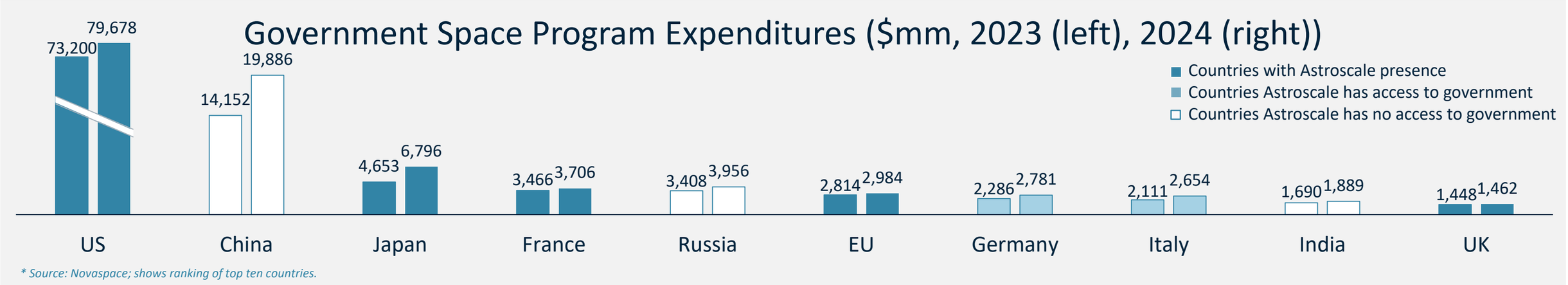
..and Diverse and Experienced Global Leadership



** All figures as of November 2024.*
*** Team members include consultants and temporary staff. Number of full-time employees is 590・.*

Our experienced team drives government business in strategic geographies

We are an established presence in countries that have growing and significant space budgets.
We are recognized as a domestic company in five countries, allowing us to win local and regional government contracts.



** Source: Novaspace; 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

Expanding capacity for regional and global service delivery

We produce satellites in multiple countries, with internally integrated design, R&D, business development, sales, manufacturing, and operations. Governments recognize our combination of global leadership and local capability, leading to increased orders.



Astroscale UK
Opened: September 2022



Astroscale Japan
Opened in May 2023



Astroscale U.S.
Opened: October 2022



Astroscale France
Opened: May 2024

Our diverse, experienced leadership team is forging paths to our vision

Astroscale Holdings Board of Directors



Nobu Okada
Founder & CEO | Rep. Director

- Management
- Business
- Policy
- Finance

McKinsey & Company
Ministry of Finance, JAPAN



Chris Blackerby
Chief Operating Officer | Director

- Management
- Space Industry
- Policy

NASA
Embassy of the United States of America



Nobu Matsuyama
Chief Financial Officer | Director

- Management
- Finance

Goldman Sachs
Merrill Lynch



Gene Fujii
Chief Engineer

- Engineering
- Technology
- Space Industry

ORBCOMM
Orbital



Mike Lindsay
Chief Technology Officer

- Engineering
- Technology
- Policy
- Space Industry

NASA
OneWeb



Kaoru Kodama
General Counsel

- Legal

Ministry of Foreign Affairs, JAPAN
Linklaters



Yuko Noguchi
Outside Director

- Legal

Google



Johann-Dietrich Wörner
Outside Director

- Space Industry
- Policy

European Space Agency



Gayle Sheppard
Outside Director

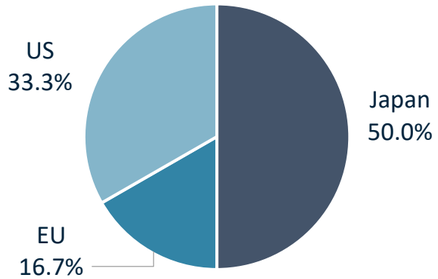
- Management
- Technology

Microsoft

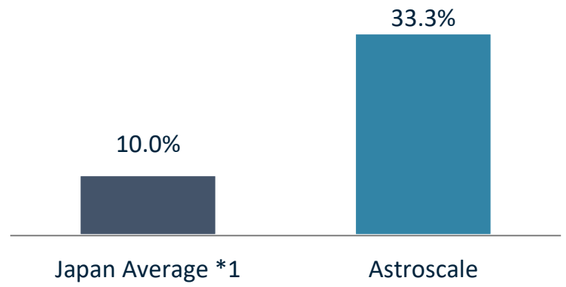
Astroscale Holdings Management Team

Board of Directors Demography

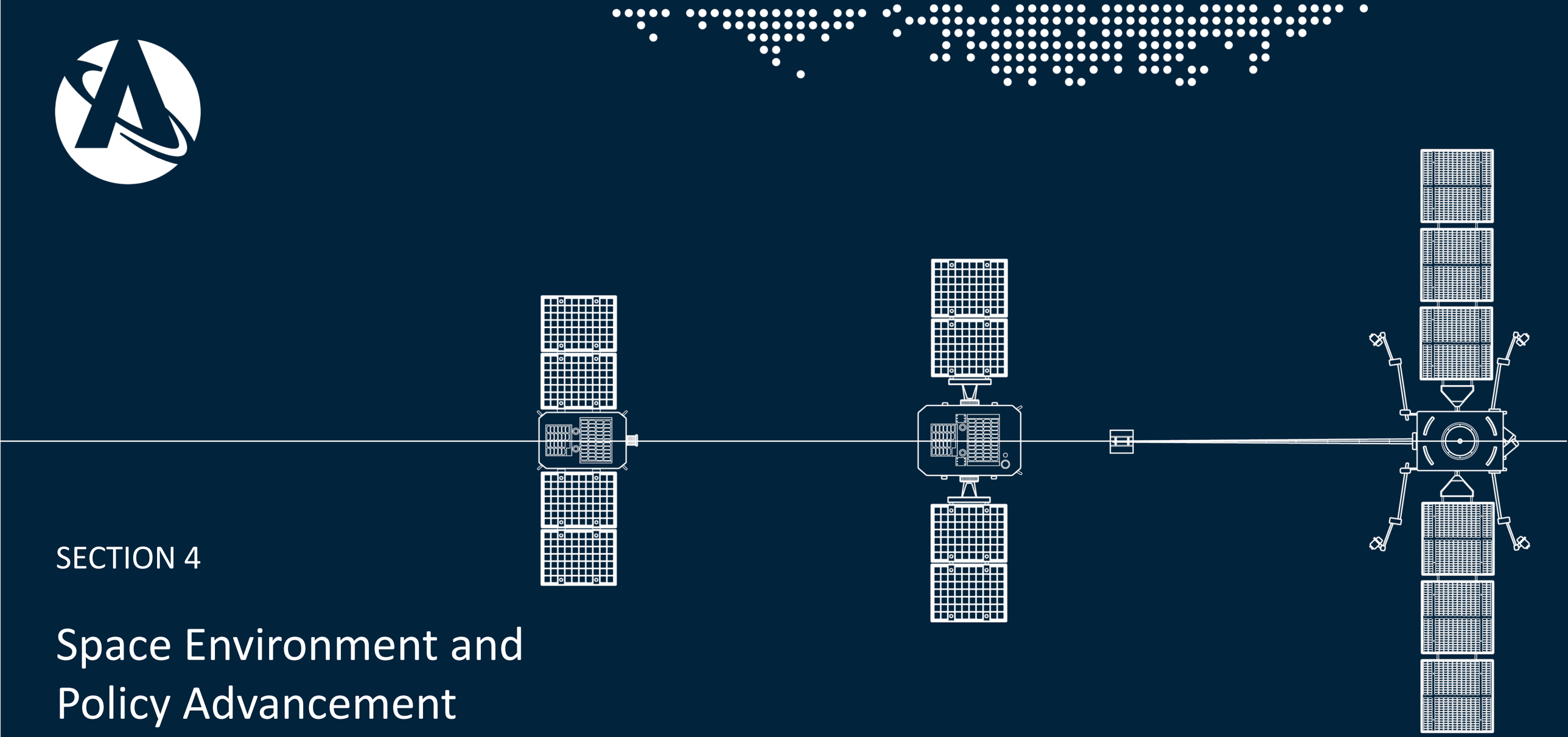
Nationality of Directors
(3 out of 6 are non-Japanese)



% of Women Directors
(2 out of 6 are women)



** Logos represent previous career. Bullet points indicate key expertise of each individual.*
**1 NRI Gender balance, May 2023.*



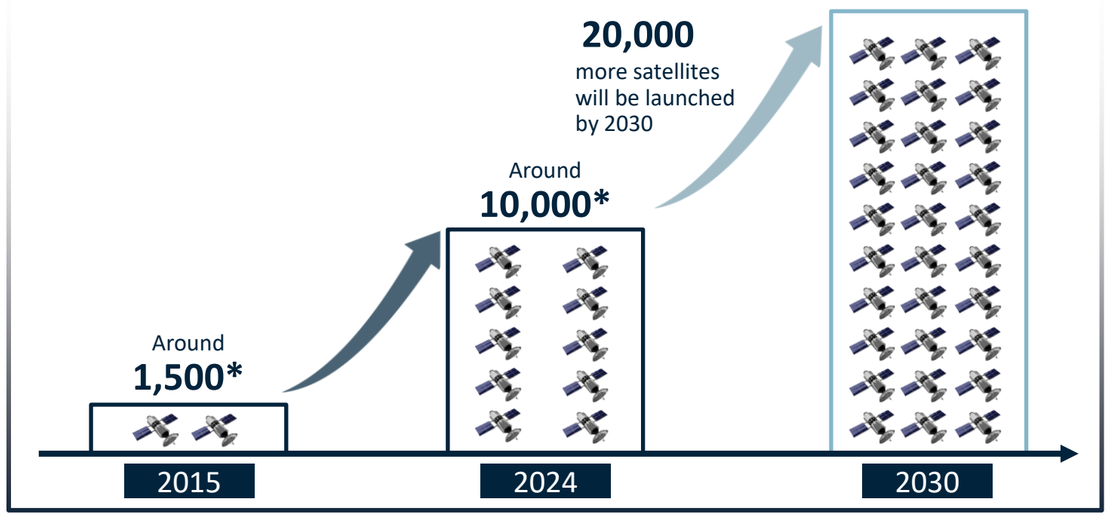
SECTION 4

Space Environment and Policy Advancement

Unsustainable orbits are driving up risks

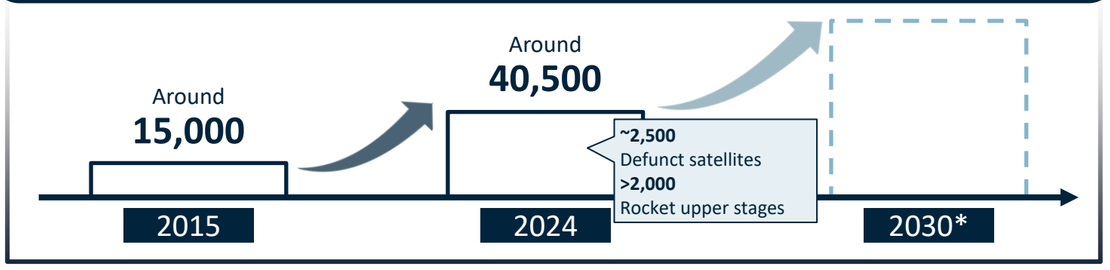
Since 2020, the number of constellation satellites launched has rapidly increased.
The likelihood of collisions between satellites and debris, as well as between debris themselves, has risen, threatening the sustainable use of space.

Number of Satellites in Space



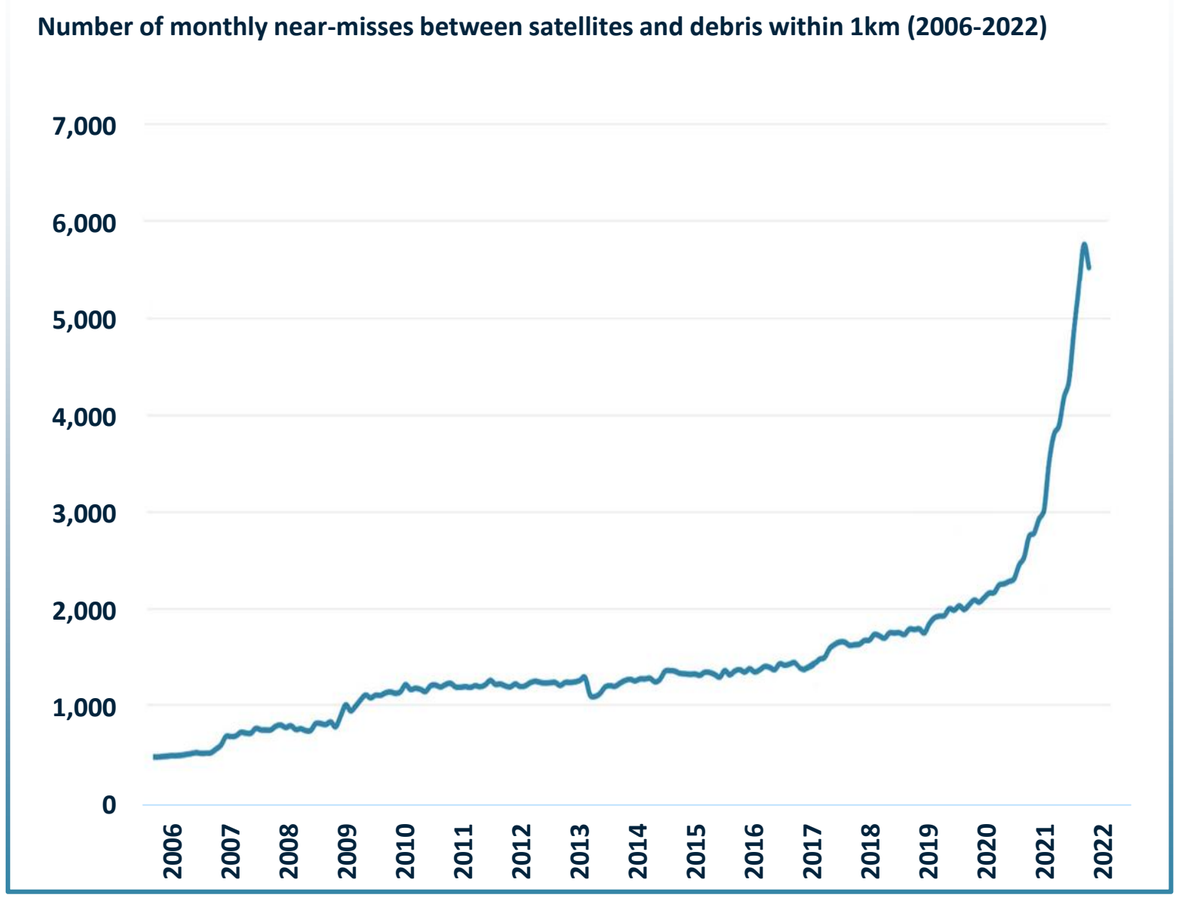
*Source: UCS Satellite Database(2023) "In-depth details on the 7,560 satellites currently orbiting Earth, including their country of origin, purpose, and other operational details", Space News(2023) "Industry report: Demand for satellites is rising but not skyrocketing", Jonathan McDowell "Satellite and Debris Population: Past Decade". * Number of satellites at the end of 2015 and in May 2023.*

Amount of Debris Objects in Space (>10cm)



Source: European Space Agency, ESA Space Environment Report.
** Dot box for 2030 is for illustration purposes only.*

Conjunction Trend for Low Earth Orbit (LEO)

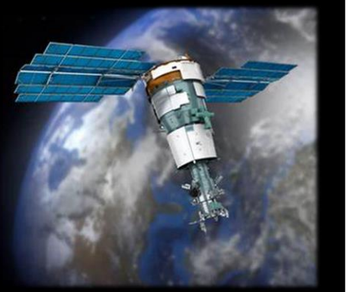


Source: The Center for Space Standards & Innovation at COMSPOC, with the Space Data Association, "Evaluation of LEO Conjunction Rates Using Historical Flight Safety Systems and Analytical Algorithms" (October 2021)

The space environment further deteriorated in 2024

In 2024, repeated fragmentation events led to the creation of over 1,000 observable pieces of debris in space.
We need to remove large debris so they do not exponential increase the creation of small debris.

Russian Satellite RESURS P1
June 6, 2024



100+ new debris objects created in Low Earth Orbit

Source: U.S. Space Command (link)

US Satellite DMSP 5D2 F8
July 19, 2024



283 new debris objects created in Low Earth Orbit

Source: U.S. Space Command (link)

Chinese CZ-6A Rocket Upper Stage
August 6, 2024



700+ new debris objects created in Low Earth Orbit

Source: U.S. Space Command (link)

US ATLAS 5 Rocket Upper Stage
September 6, 2024



40+ new debris objects created in Highly Elliptical Orbit

Source: U.S. Space Command (link)

US Satellite Intelsat 33e
October 19, 2024



~500 new debris objects created in Geostationary Orbit

Source: ExoAnalytic Solutions (link)

US Satellite DMSP 5D2 F14
December 18, 2024



50+ new debris objects created in Low Earth Orbit

Source: U.S. Space Command (link)

Stronger government regulations and innovative policies expand market

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

Astroscale CEO 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.

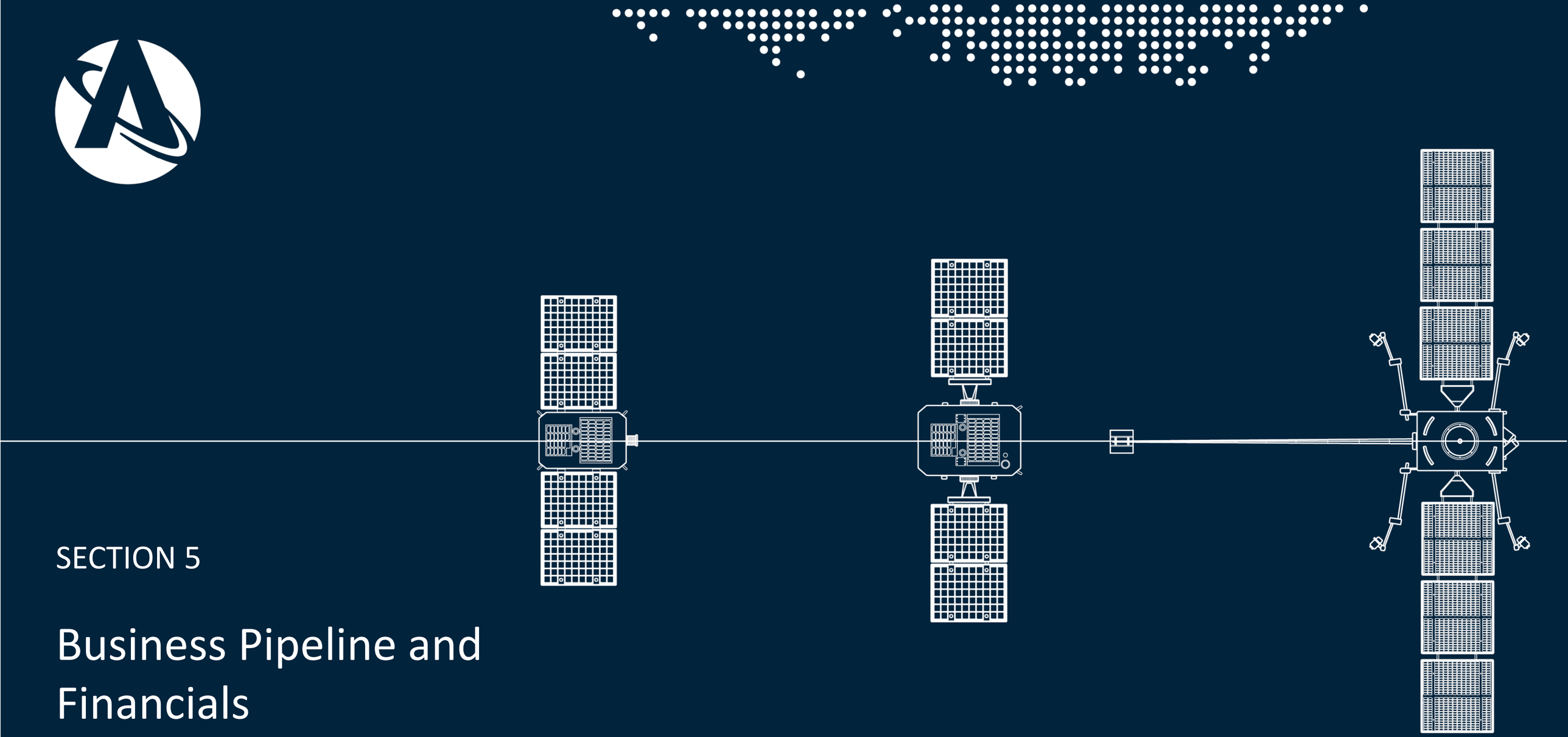


"We strongly support the implementation of the International Guidelines adopted at the UN Committee on the Peaceful Use of Outer Space as urgent and necessary. We welcome national efforts to develop further solutions for space debris mitigation and remediation, including further research and development 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.



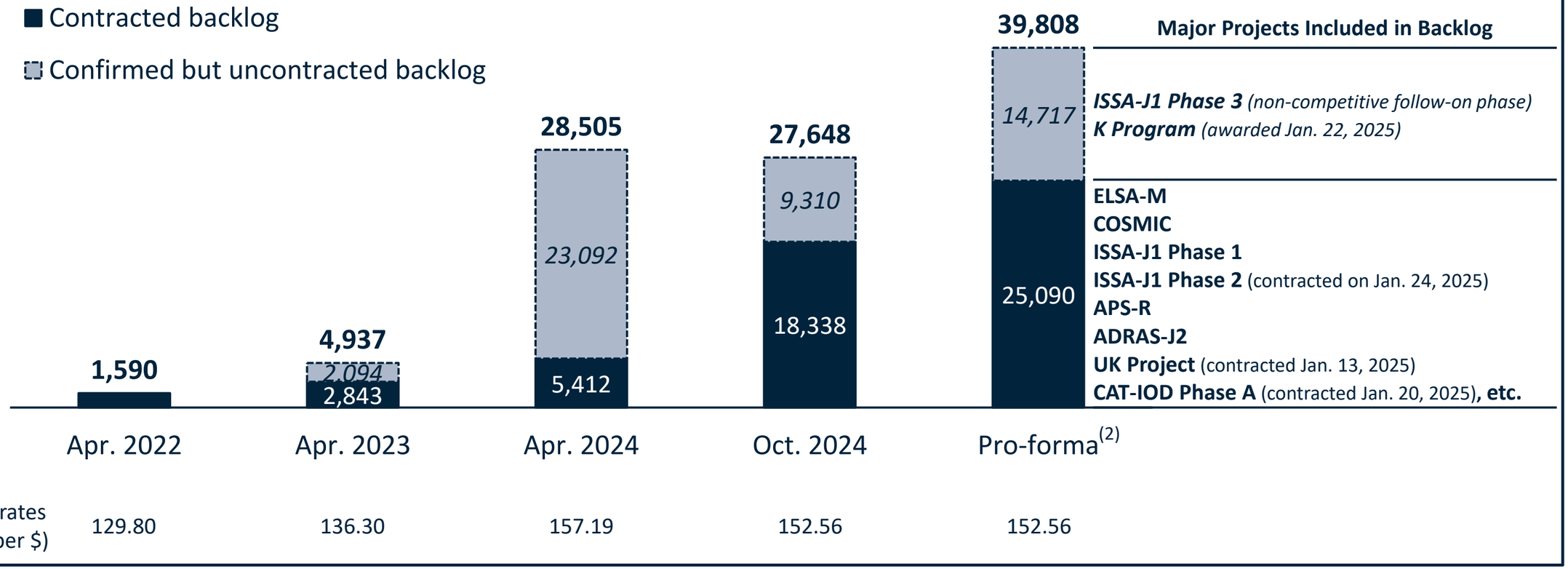
SECTION 5

Business Pipeline and Financials

Backlog Status

Increasing amount of profitable backlog is the fundamental driver of our business and profitability.

Backlog[1] (¥mm)



Major Projects Included in Backlog

ISSA-J1 Phase 3 *(non-competitive follow-on phase)*
K Program *(awarded Jan. 22, 2025)*

ELSA-M
COSMIC
ISSA-J1 Phase 1
ISSA-J1 Phase 2 (contracted on Jan. 24, 2025)
APS-R
ADRAS-J2
UK Project (contracted Jan. 13, 2025)
CAT-IOD Phase A (contracted Jan. 20, 2025)**, etc.**

Fully-funded Ratio[3]

0% ▶ **11%** ▶ **81%** ▶ **83%** ▶ **88%**

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) Pro-forma represents October 2024 backlog plus amounts for projects contracted or awarded after October 2024, converted at the FX rate as of October 2024 end. The pro-forma does not account for conversion of backlog into project income after October 2024.

All Mission Lines Driven by Robust Pipeline Development

Self-funded
Partially-funded
Fully-funded

We have contracted or been awarded 11 contracts FY2025 year to date representing ¥22.2bn[(1)] of bookings.
Profitability of contracts is improving across all mission lines, which will drive our future financial performance.

	~FY2024	FY2025 H1	FY2025 H2	Comments
EOL *Removal*	**ELSA-d** — World's first orbital demonstration of non-cooperative debris capture **ELSA-M** Phase 1-3 — EOL in-orbit demonstration in cooperation with Eutelsat OneWeb	**ELSA-M** Phase 4		• ELSA-M leverages ELSA-d heritage to conduct EOL demonstration, serving as the basis for future commercial service.
ADR *Removal*	**COSMIC** Phase 0/A/B — First UK funded debris removal mission	**COSMIC** Phase 2 **ADRAS-J2** — First Japan funded debris removal mission; follow on to ADRAS-J	**CAT-IOD** Phase A — Study phase of a full-scale ESA-funded debris removal mission	• We are the undisputable leader in the Japanese and UK ADR markets.
LEX *Life Extension / Refueling*	**APS-R** (Refueling) — Space Force project to build a prototype servicer for refueling		**K Program[(2)]** (Refueling) — First Japan-funded orbital demonstration for refueling	• To our knowledge, we have won all major refueling missions available globally. • Aim to begin revenue recognition of LEXI-P in second half of FY2025.
ISSA *Inspection*	**ADRAS-J** — World's first successful orbital inspection of a real debris **ISSA-J1** Phase 1 — World's first mission for orbital inspection of multiple objects		**ISSA-J1** Phase 2 **UK Project**	• We have already demonstrated ISSA capability through ADRAS-J and will continue enhancing capability through subsequent missions.
Others		**Study Project**	**DSIT Regulatory Sandbox**	• Various studies secured to build customer relationships and frameworks.

Note: Information as of January 27, 2025. Boxes indicate timing of contract or award of each project.
(1) Represents bookings on a contract basis. Bookings in the second half of FY2025 are converted at the FX rates shown in each timely disclosure.
(2) K Program was awarded on January 22, 2025, but not yet contracted. Total budget of K Program is up to ¥12 billion including indirect costs and consumption tax.

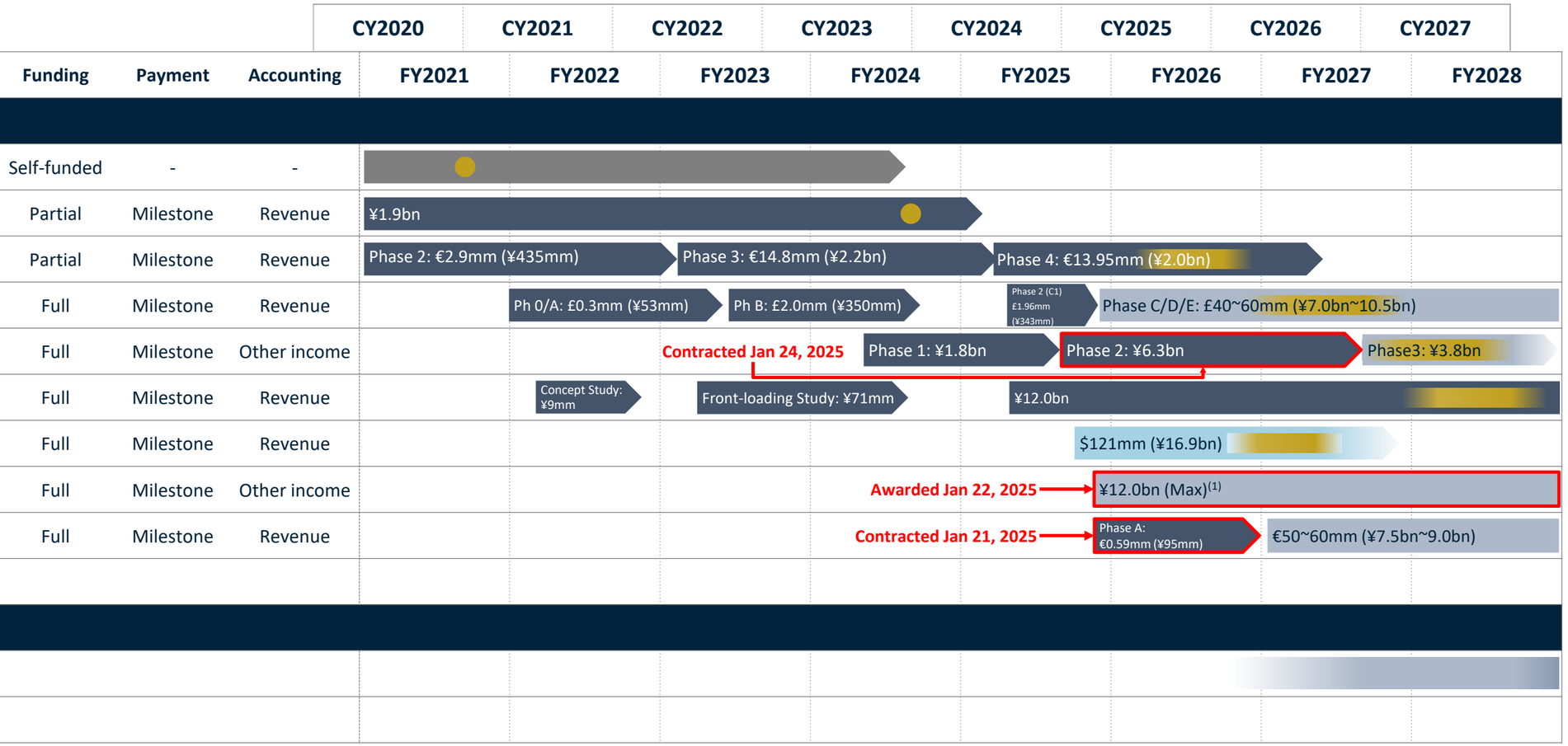
Civil/Commercial Pipeline Status

(As of Jan. 27, 2025)

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	K Program	LEX	Civil	Japan	Full	Milestone	Other income
9	CAT-IOD	ADR	Civil	UK	Full	Milestone	Revenue
Potential future missions under discussion							
i	Civil A	-	Civil	-			



(1) This is the maximum budget and includes consumption tax. Details of consumption tax will be promptly disclosed at the time of contract signing.
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 Jan. 27, 2025)

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

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

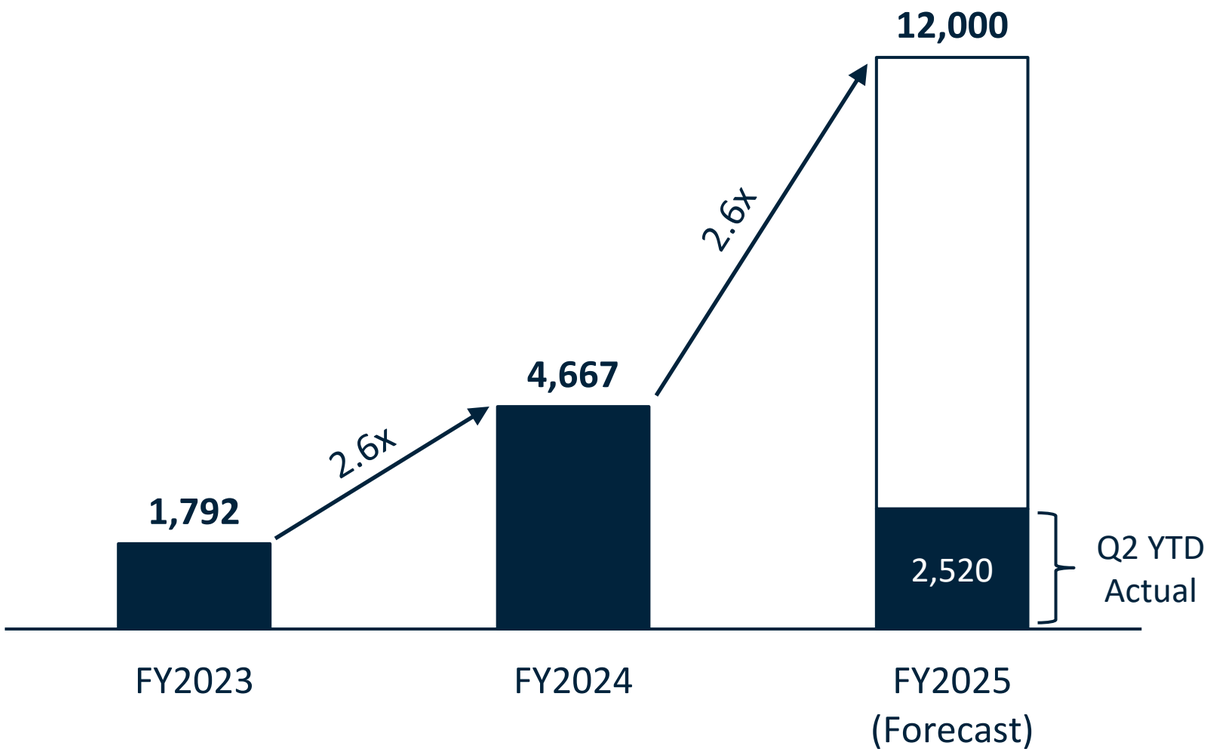
#	Project	Service	Customer	Entity	Funding	Payment	Accounting	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Projects contracted, awarded and under proposal																							
1	APS-R	LEX	Defense	US	Partial	Milestone	Other income					$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.

Outlook: Project Income (Revenue + Government Grant Income)

We anticipate continued strong growth in our top line driven by our robust backlog.

(¥ mm, consolidated basis)



FY2025

Expect second year of 2.6x growth

(Expecting ~¥6bn of income for full-year from existing contracts)

FY2026

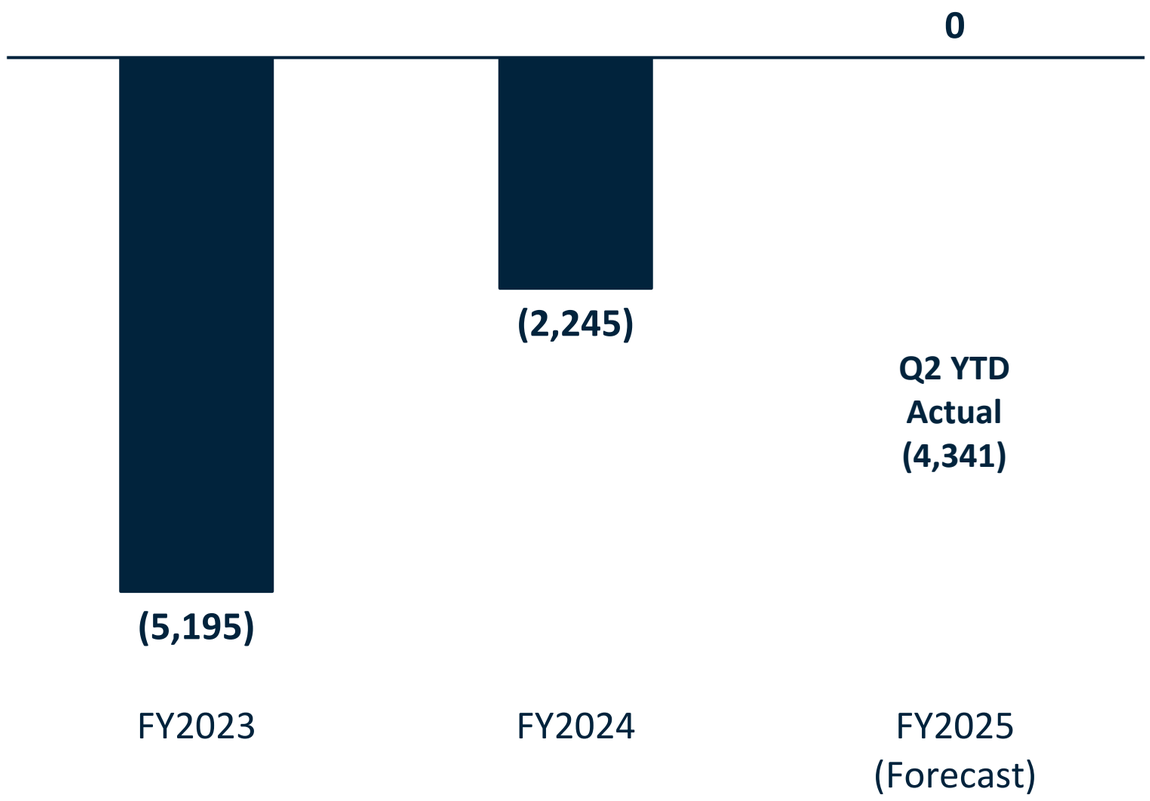
Anticipate continued strong growth albeit at a slightly lower rate

Note: This outlook is a forward-looking statement that reflects the company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. The outlook by nature, is subject to significant risks and uncertainties.

Outlook: Gross Profit

The business is on track to achieve gross profit breakeven for FY2025 and anticipate significant positive gross profit thereafter.

(¥ mm, consolidated basis)



FY2025

Expect breakeven

(Expect significant positive margin in Q4 to drive full-year results)

FY2026

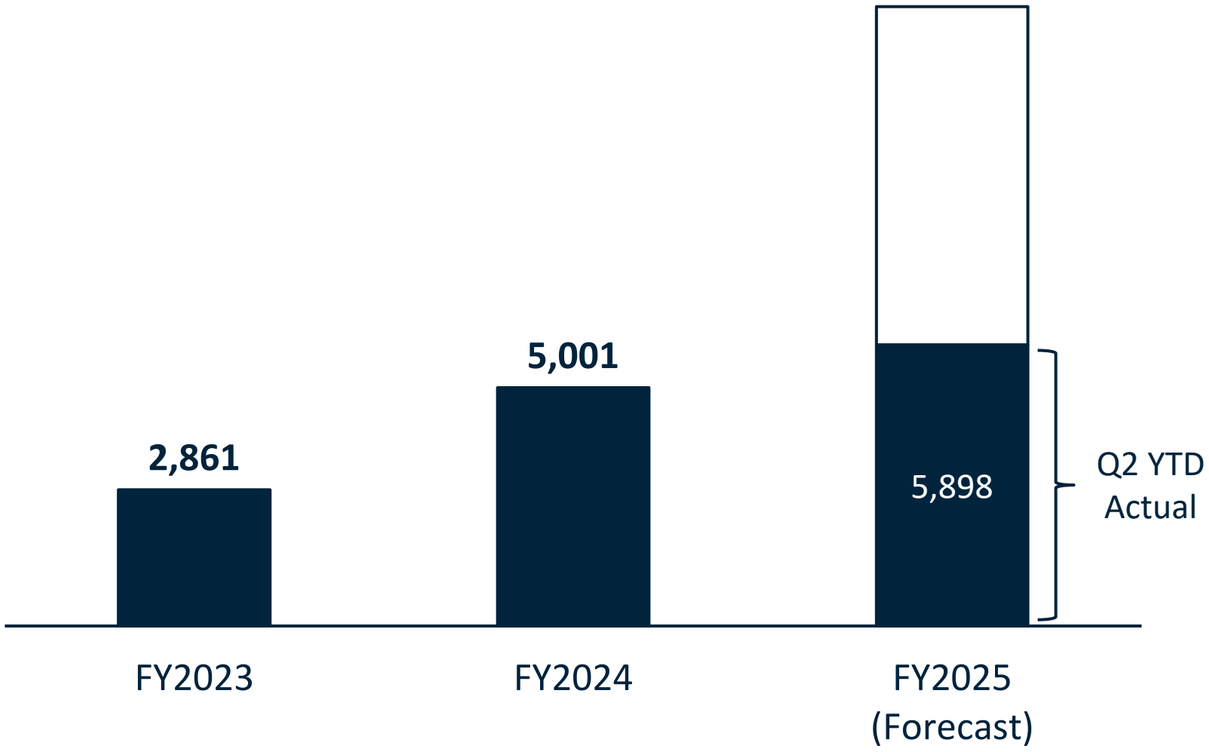
Anticipate significant positive gross profit

Note: This outlook is a forward-looking statement that reflects the company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. The outlook by nature, is subject to significant risks and uncertainties.

Outlook: R&D Expenses

We expect FY2025 to be the peak for R&D expenses in the mid-term.

(¥ mm, consolidated basis)



FY2025

Expect significant YoY growth

(Driven mostly by LEXI-P pre-contract development cost)

FY2026

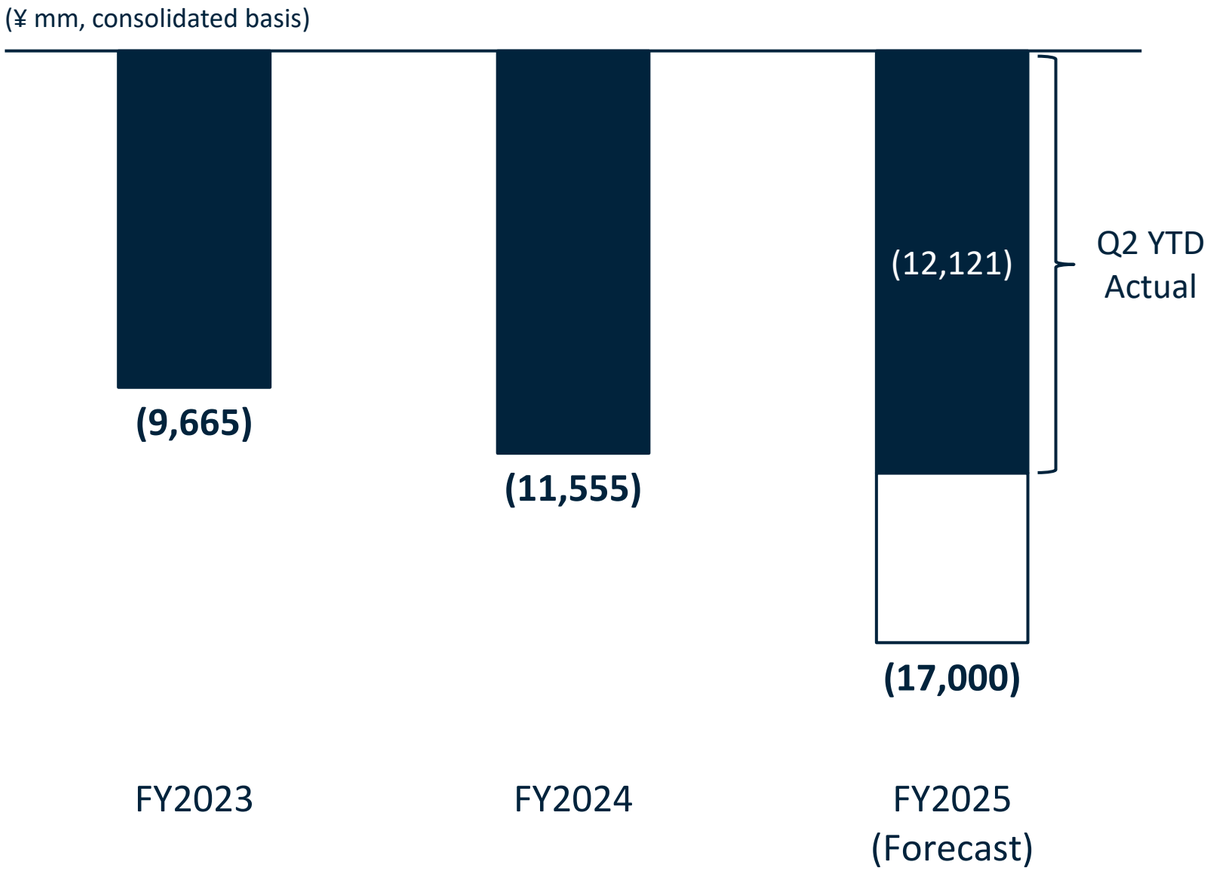
Anticipate significant reduction YoY

(Driven by reduction of pre-contract development cost)

Note: This outlook is a forward-looking statement that reflects the company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. The outlook by nature, is subject to significant risks and uncertainties.

Outlook: Operating Profit / Loss

We expect historical high operating loss in FY2025 but significant improvement from FY2026.



FY2025

Expect bottoming out of losses

FY2026

Anticipate significant improvement YoY

Note: This outlook is a forward-looking statement that reflects the company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. The outlook by nature, is subject to significant risks and uncertainties.

Guiding Principles for Earnings Forecasts and Outlook

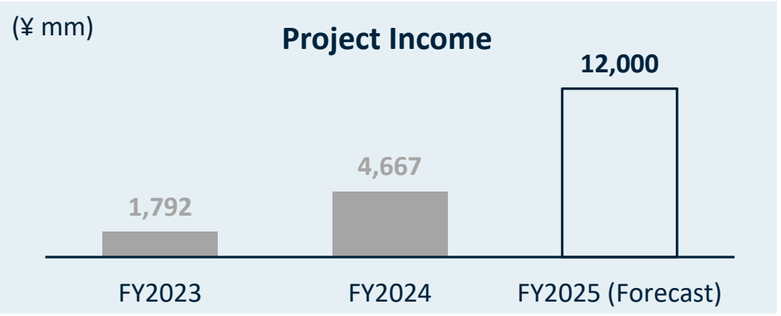
Our earnings forecasts are developed and disclosed based on the following principles.

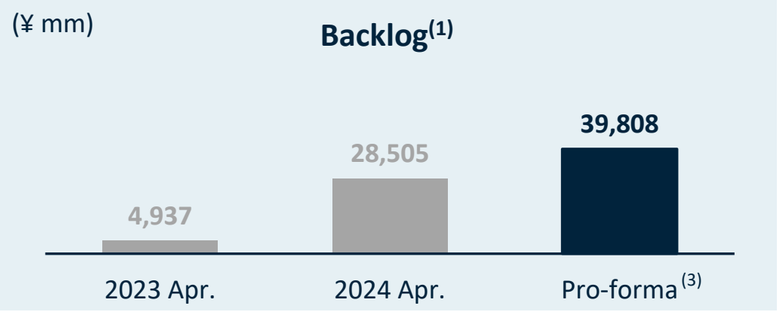
Item	Principle	In the case of FY2025
Project Income	• We will only include project income from: A. Projects with signed contracts or awards. B. Non-competitive follow-on phases. C. Projects that are close to finalizing contracts.	A. ADRAS-J, ELSA-M Phase 3 & 4, COSMIC Phase 2, ISSA-J1 Phase 1 & 2, ADRAS-J2, K Program, CAT-IOD, APS-R B. None C. LEXI-P
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.
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.

Three Key Areas of Focus for Profitability

We aim to minimize time to operating profit breakeven by focusing on these three areas.

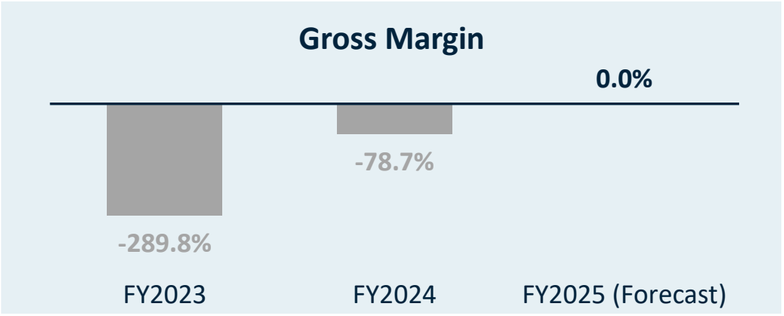
① Increase Project Income

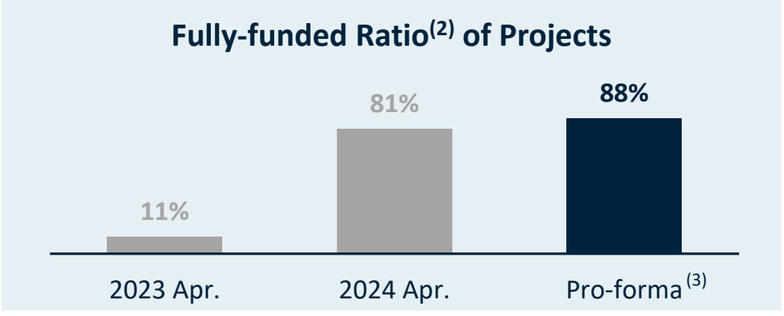




- Project income growth drives profitability.
- Backlog growth is the leading indicator of project income growth.

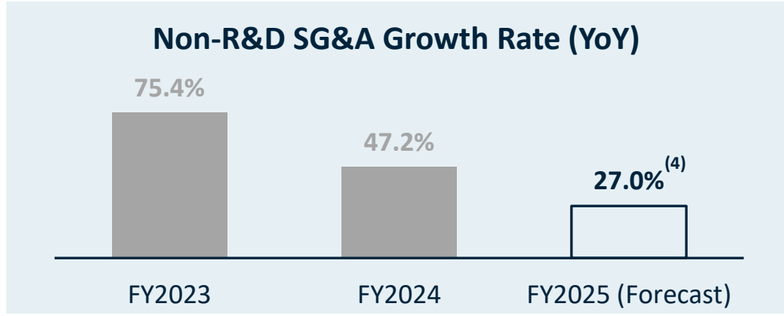
② Enhance Margin

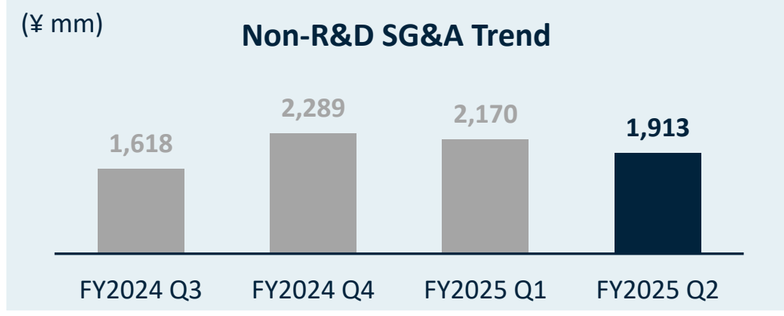




- Gross margin expansion is required to cover SG&A and reach profitability.
- Increasing fully-funded projects will be the key driver to gross margin expansion.

③ Reduce SG&A Growth Rate





- SG&A growth must be significantly below project income growth to be profitable.
- Cost discipline in each quarter will help to minimize SG&A growth over time.

Note: Forecasts are forward-looking statements that reflects the company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. The forecasts by nature, is subject to significant risks and uncertainties.
(1) Order backlog includes expected amounts for confirmed but non-contracted projects that do not have any competitors in the process.
(2) 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.
(3) Pro-forma represents October 2024 backlog plus amounts for projects contracted or awarded after October 2024, converted at the FX rate as of October 2024 end. The pro-forma does not account for conversion of backlog into project income after October 2024.
(4) Based on a FY2025 non-R&D SG&A forecast of ¥8.5 billion.

Long-term Margin Targets

We are focusing on achieving breakeven in gross profit, operating profit, and free cash flow as soon as possible.
We aim to reach industry-leading margins in the space sector driven by the expansion of commercial services.

Gross Margin Target
Mid-30%

Assumptions and drivers for margin expansion

Revenue Growth Assumptions

- Win new government contracts by leveraging our credentials
- Future growth of commercial services for private enterprises

COGS Reduction & Drivers

- Reduction of new R&D cost through progress in development of new technology required for business
- Decrease in partially-funded projects as business matures
- Reduction in material costs, labor costs, outsourcing costs including launch cost and insurance premiums through economies of scale

Operating Margin Target
Mid-20%

Assumptions and drivers for margin expansion

R&D Reduction

- Reduction of self-funded R&D by promoting technology development through customer projects

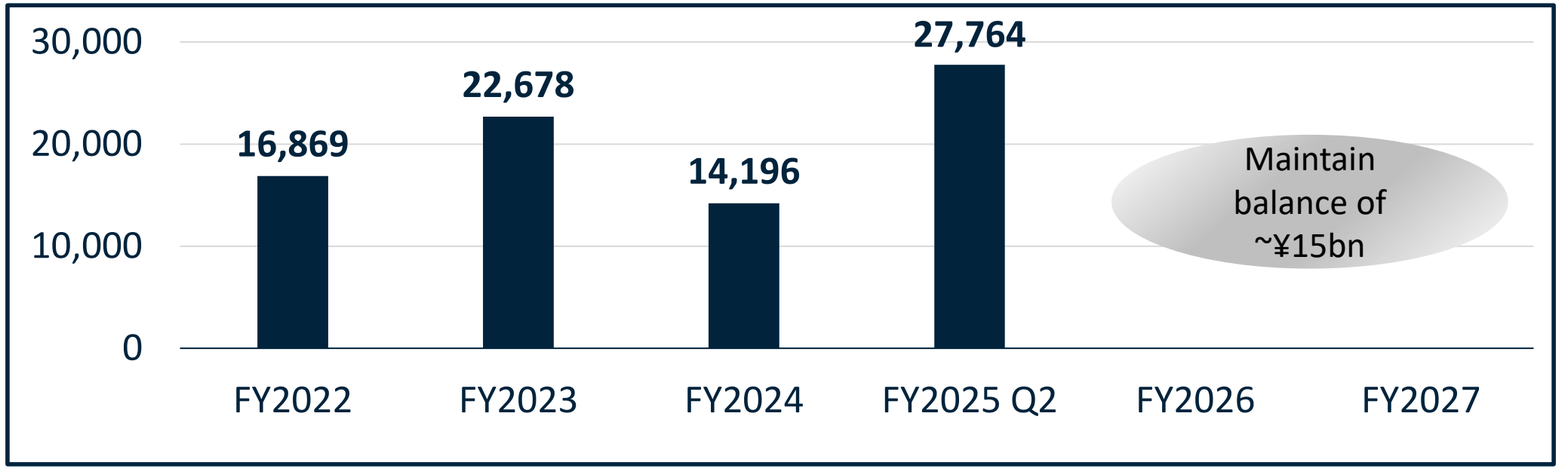
SG&A Reduction

- Foster a cost-conscious culture and pursue efficiency to achieve cost reduction even during periods of growth

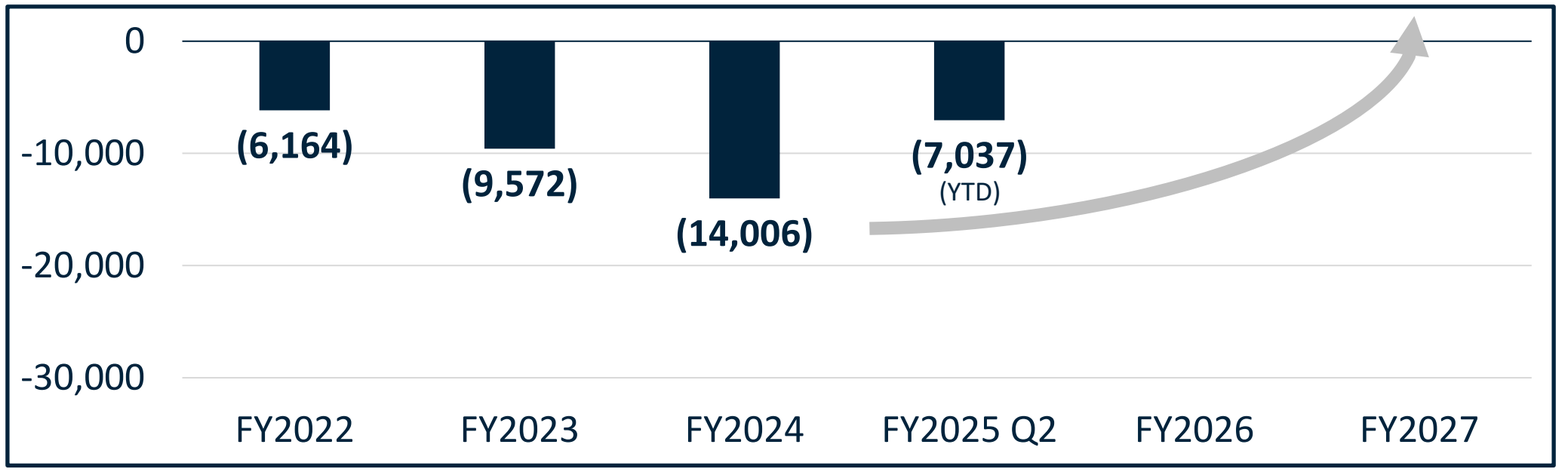
Cash Flow

Through our IPO in Jun/Jul 2024, we raised required equity capital to achieve breakeven.
Our strategy is to target close to free cash flow (FCF) breakeven in FY2027 through various measures to enhance cash flow.

Cash Balance (¥mm)



Free Cash Flow[(1)] (¥mm)



Strategy

Target close to FCF breakeven in FY2027

1. Raised required equity capital through IPO in Jun/Jul 2024.
2. May consider debt raise in the future within appropriate leverage levels.
3. Pursue enhanced cash flow through negotiation of pre-payment from customers, etc.
4. Will consider additional capital raise if attractive investment opportunities or major project delays arise.

Note: Actual results may differ from the forecasts and targets presented above which are based on current assumptions.
(1) Free cash flow is defined as the sum of operating cash flow and investing cash flow.

Debt Maturity

Debt maturity is well diversified in terms of amount and timing.
We are actively discussing to refinance ¥5bn of debt maturing in September.

Type	Bank	Amount	FY2025	FY2026	FY2027	FY2028	FY2029	Comments
Loan	JFC	¥0.5 bn					Jan. 2029	• Fully-drawn; straight-line monthly repayment from Feb. 2024.
Loan (Facility)	MUFG	¥5.0 bn		Sep. 2025				• Fully-drawn. • Refinancing discussions ongoing.
Loan (Facility)	Mizuho	¥3.0 bn		Jun. 2026				• Fully-drawn.
Loan (Facility)	MUFG	¥5.0 bn			Apr. 2027			• Partially-drawn.
Subordinated Loan	MUFG	¥2.0 bn					Mar. 2029	• Fully-funded.

Key Points Regarding the Share Disposition by INCJ

The following are the key points regarding the share disposition executed by INCJ, Ltd. (“INCJ”) on Jan. 17, 2025.

- Astroscale shares held by INCJ
  - INCJ is a public/private fund established in Sep. 2018. INCJ aims to sell all investments (including our shares) by Mar. 2025, based on their activity guidelines.
  - INCJ owned 17,041,200 shares (14.6% voting rights) as of Oct. 2024 end, being our 2nd largest shareholder and major shareholder.

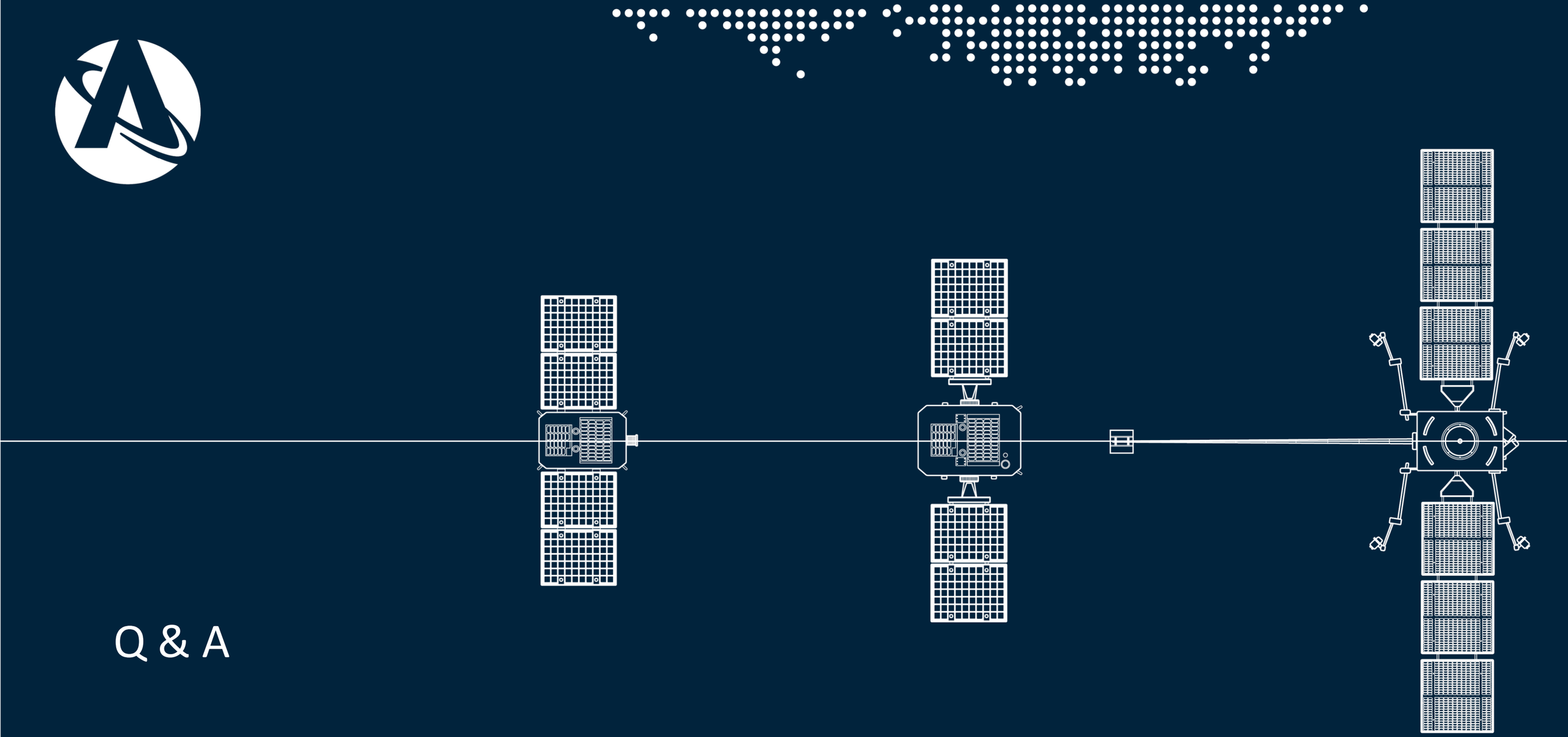
- Disposition of Astroscale shares by INCJ
  - INCJ executed a “block trade” to sell shares to institutional investors and corporates off market between Jan. 16, 2025 market close and Jan. 17 early morning.
  - A block trade can minimize supply/demand impact for large volume share sales, where a market sale may result in downward price pressure over a long time.

- **This share disposition entails many positive factors for the investment environment of our shares such as the following:**
  1. **Elimination of overhang concern(1)** by concluding a significant disposition due by Mar. 2025.
  2. **Swift overnight execution(2)** despite possibility of extended market sale due to significant number of shares to be disposed.
  3. **Diversification and stabilization of investor base** as a result of shares being sold to multiple institutional investors and corporates.

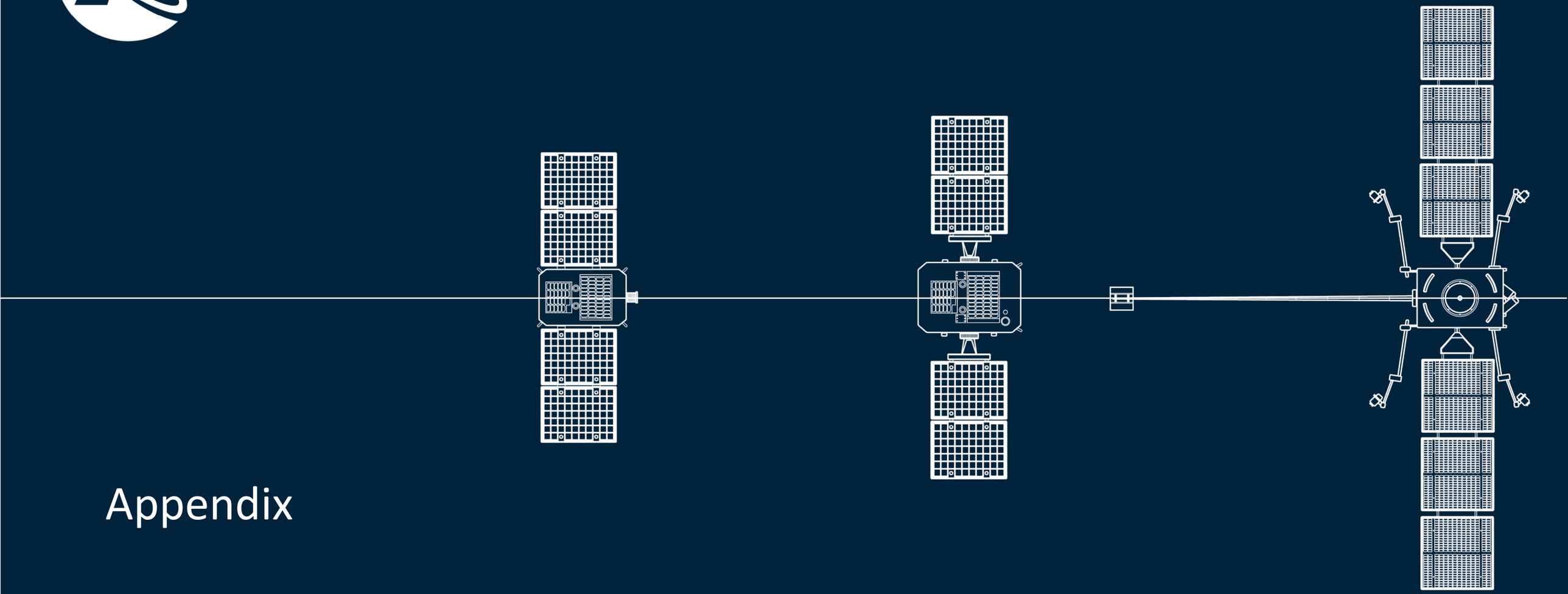
- Our understanding is that there are no negative intentions from INCJ with respect to this sale from the following perspectives:
  - Sale timing was driven by INCJ’s activity guidelines and was not influenced by our strategy or financial forecast.
  - INCJ is an independent public/private fund. This disposition has no impact on our activities and relationship with the government.

- We are currently unaware of any other large shareholder aiming to dispose shares in the short-term in a manner or volume that may have adverse market impact.

(1) Overhang concern: A concern on worsening demand/supply in the future due to a possible significant sale of shares from a large shareholder, etc.
(2) Overnight execution: A transaction that is concluded between market close and market open on the next day.



Q & A



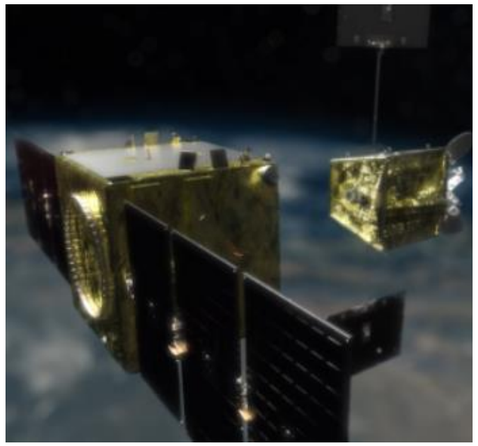
Appendix

CB Suggestion Edits

We provide essential services for multiple customer needs

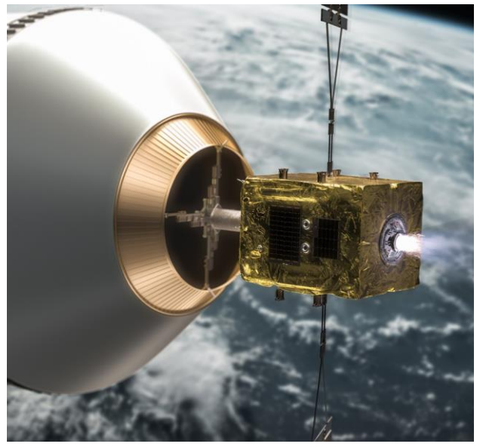
We are the only company globally to have secured contracts for four types of orbital services using proven RPO technology.
The need for sustainable space and the desire for improved revenue models is driving customer demand.

EOL
End-of-Life Service



Remove defunct satellites that have been prepared for servicing.

ADR
Active Debris Removal



Remove large, unprepared debris currently in orbit.

LEX
Life Extension Service



Extend satellite life and customer revenue stream.

ISSA
In-situ Space Situational Awareness

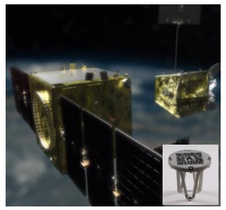
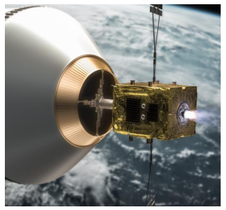


Observe orbital environment to mitigate threats to customers.

CB Suggestion Edits

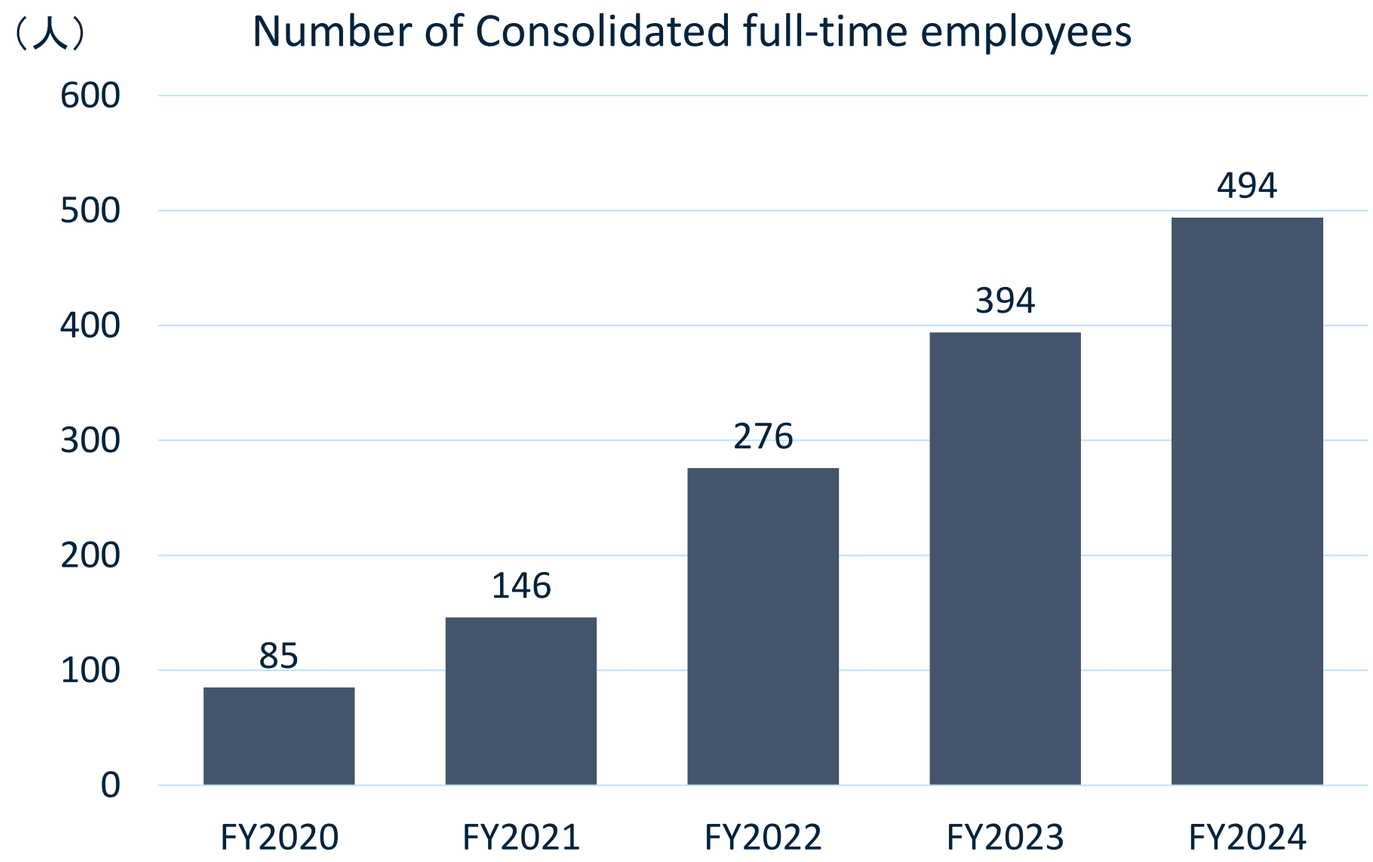
Our missions cover multiple orbits and serve numerous types of customers

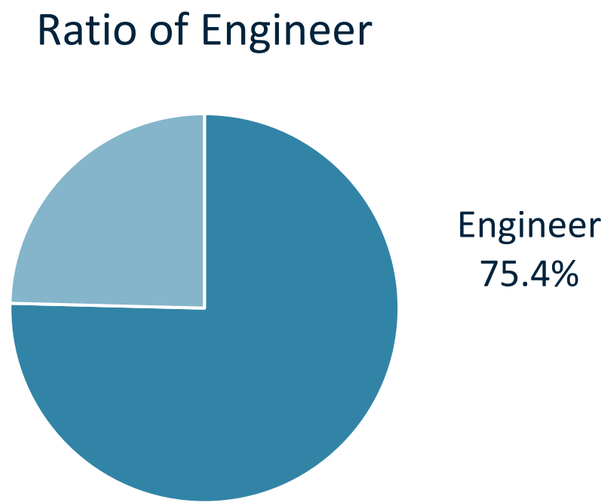
We already received orders for four on-track services utilizing proven RPO technology.
We are the only company in the world with a track record of receiving orders for multiple such services

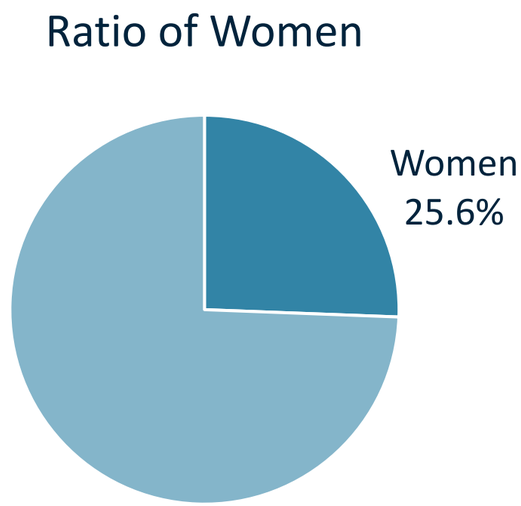
Business Segments		Mission	Customer	Objects	Value Propositions	Revenue Opportunity*1
EOL End-of-Life		**Prevent** Future Debris	Commercial	Prepared Defunct Satellites (with Docking Plate)	• Business sustainability – Reduce risks to company assets • Regulatory compliance – Get ahead of new laws • TCO (Total Cost of Ownership) optimization – Utilize asset to the full extent of life	$8 - 13mm per removal*2 (company plan)
ADR Active Debris Removal		**Remove** Existing Debris	Government	Unprepared Defunct Satellites & Rocket Bodies (no Docking Plate)	• Space Sustainability – Protect orbits for future • Asset preservation – Reduce risk to high value satellites	¥12.0bn(ADRAS-J2) £40~60mm (COSMIC)
LEX Life Extension		**Extend** Satellite Life	Commercial/ Government	High Value Satellites in Operation	• ROI maximization – Maintain active satellite revenue • Reduce costs – Avoid capex of new satellite launch • National security – Preserve essential security sats	Orbit adjustment: $121mm(LEXI-P) ~ 215mm(LEXI-G)*3 Refuel: $26.9mm (APS-R) ~¥10.9bn (K-program)
ISSA In-Situ Space Situational Awareness		**Observe** Orbital Environment	Government	Orbital Highways and Potential Risks	• Cost reduction – Inspection of client before servicing • National security – Avoid threats in orbit • Forensics – Understand technical issues of assets	¥12.0bn (SBIR)

** Pictures are for illustrative purposes.*

Employee, Engineer/Women Ratio (As of April 2024)



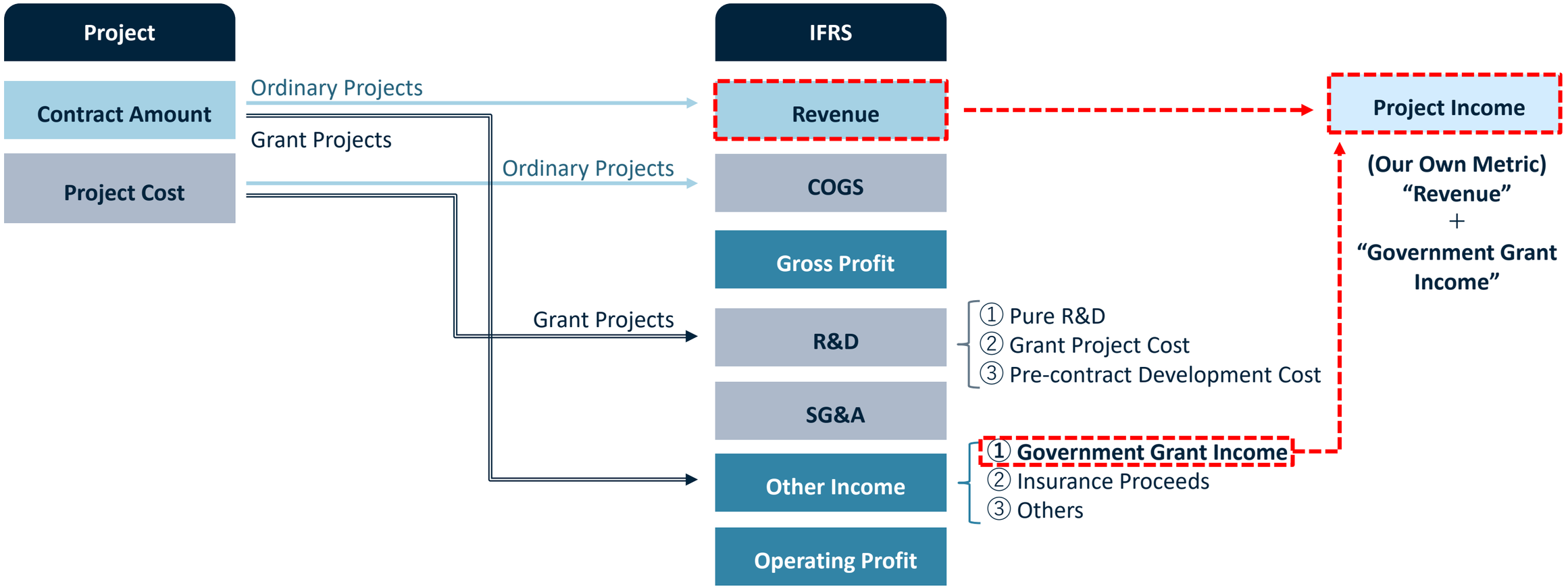




Note: Number of consolidated employees does not include consultants and part-time staffs.

Project Income

Our group adopts IFRS accounting standards. As a result, government subsidy income is recorded as "other income" rather than revenue. However, since there is no operational difference between standard projects and government subsidy projects for us, we manage both types of income under our own metric, "project revenue." We believe that this project revenue is the most effective measure for representing the actual state of our business.



Provision for loss on orders

The reserve for loss on orders is recognized and recorded when a loss is confirmed at the time of the project contract. It primarily applies to projects where costs are contributed by certain customers (government-related). The ADRAS-J and ELSA-M projects are key examples where such reserves have already been recorded or are planned to be recorded. However, for government-funded projects where losses are confirmed at the time of the contract (such as APS-R), recording a reserve for loss on orders is not required. Instead, we record these expenses as research and development costs and the revenue as other income, with the difference appearing as a loss on the profit and loss statement

IFRS

Revenue

COGS

Gross Profit

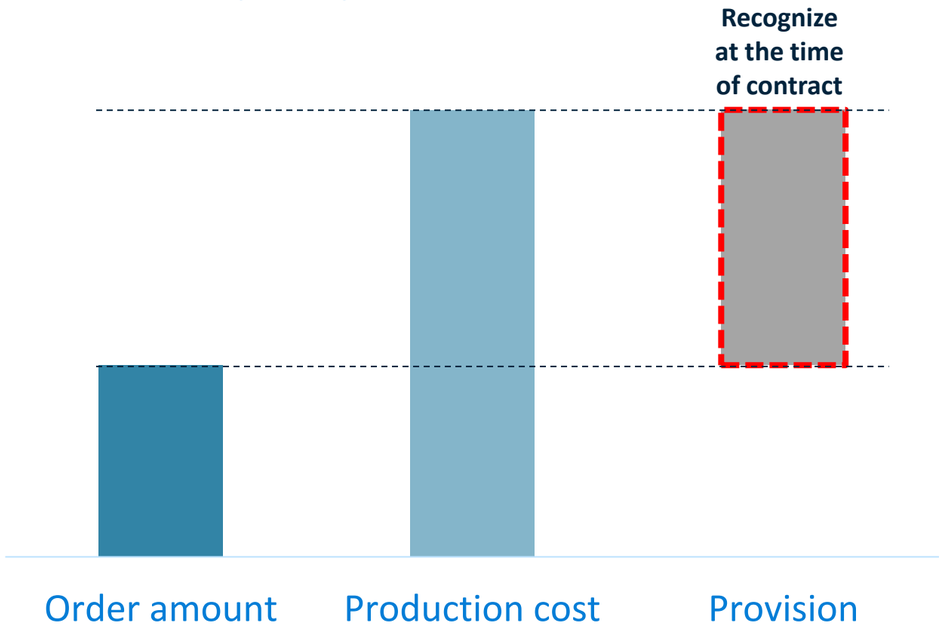
R&D

SG&A

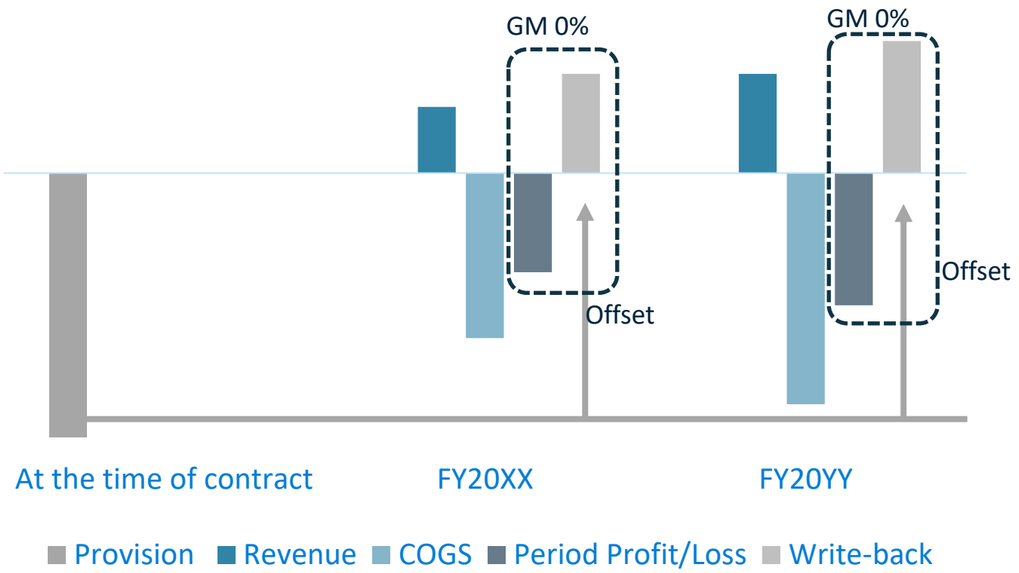
Other Income

Operating Profit

Concept of provision for loss on orders



For projects with provision for loss on orders, the period profit and loss is at GM 0%



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)

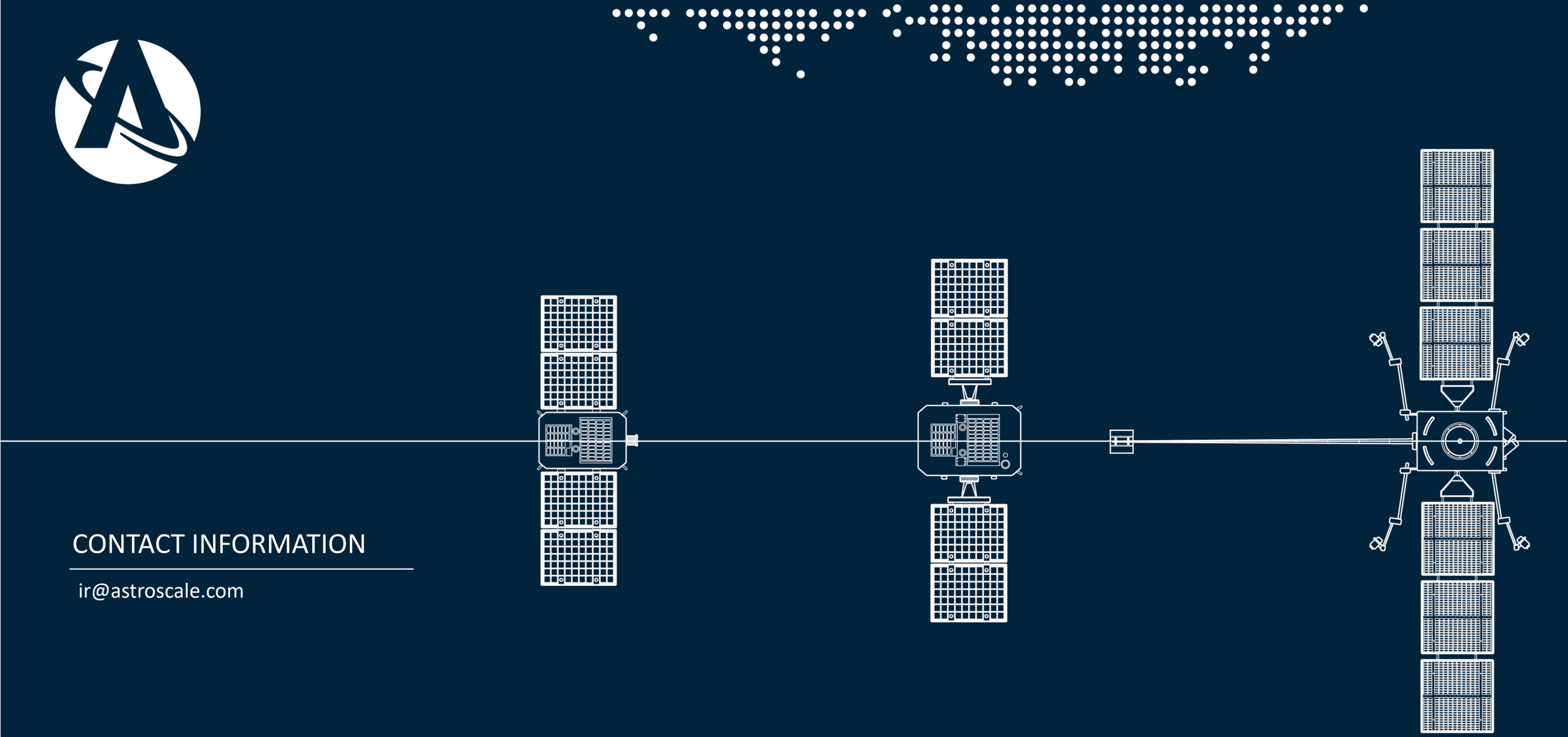
Historical Financial Information: Balance Sheet

(¥ 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)



CONTACT INFORMATION

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Astroscale Proprietary