FINANCIALS

- Non-GAAP adjusted cash operating expenses Q1 2025: $44.9 million, up $4.1 million QoQ from $40.8 million in Q4 2024
  - Increase driven by $1.8 million R&D, $1.7 million adjusted G&A, $0.6 million adjusted engineering service costs
- Capital expenditures Q1 2025: ~$124 million vs. $86 million in Q4 2024
  - Includes ~$105 million capitalized direct materials and labor for Block 2 BlueBird satellites and launch contracts payments
  - Lower than prior guidance of $150-$175 million due to timing shifts in launch contract payments
- Q2 2025 expected adjusted cash operating expenses: ~$45 million (similar level as Q1)
- Q2 2025 expected CapEx: $230-$270 million, driven by manufacturing ramp and launch contract payments
- Average capital cost per Block 2 BlueBird satellite: $21 million to $23 million, increased from previous $19-$21 million estimate
  - Increase due to higher launch costs and new tariffs on materials
  - Subject to fluctuations based on geopolitical factors
- Cash position at Q1 end: $874.5 million, up from $567.5 million at end of Q4 2024
  - Boost from ~$403 million proceeds from convertible notes offering (Jan 2025)
  - ~$55 million raised from fully utilized Sept 2024 ATM facility
  - New incremental ATM facility up to $500 million over 3 years established to support operations
- Evaluating non-dilutive equipment loan facility of $50-$100 million to support manufacturing expansion
- Revenue outlook:
  - Anticipated revenue ramp in 2H 2025 into 2026
  - 2025 revenue opportunity estimated between $50 million to $75 million, back-end loaded
  - Revenue drivers include:
    - Successful Block 2 BlueBird satellite launches linked to U.S. government contract milestones
    - Gateway equipment sales to MNO partners
    - Service revenues from commercial satellite activation and operations (currently 6 satellites in LEO, more launching over 6-9 months)
  - Revenues consist of milestone-based government contract payments and commercial revenues
  - Government contracts (not prepaid) recognized under GAAP as services delivered

GUIDANCE

- Manufacturing cadence target: 6 satellites/month by Q4 2025
- ASIC chip expected available for satellite integration starting June 2025
- Launch cadence: 5 orbital launches planned over next 6-9 months (~July through early 2026), approximately one launch every 1-2 months
- Production goal: build and launch ~40 Block 2 satellites in 2025; expect closer to 53 satellites' worth of phased arrays produced by year-end
- Gateway equipment bookings: Q1 bookings of $13.6 million; expected steady bookings approx. $10 million per quarter in 2025
- Gateway installations expected to ramp in priority regions: U.S., Europe, Japan
- Revenue ramping expected to begin 2H 2025 and continue into 2026
- Plans to deploy 45-60 Block 2 BlueBird satellites for continuous coverage in key markets (U.S., Europe, Japan, U.S. government)
- Support of government applications accelerating with additional satellite launches
- Expect CapEx to increase significantly in Q2 due to manufacturing ramp and launch contract payments

PRODUCTS & TECHNOLOGY

- Satellites:
  - Block 2 BlueBird satellites: largest ever commercial communication satellites in low earth orbit
  - Block 2 satellites are 3.5x larger than Block 1, fully operational from production line
  - First launch with single satellite, subsequent launches with increasing number of satellites (3-8 per launch depending on vehicle)
  - Currently transitioning from FPGA-based chips to custom ASIC chips for improved processing (10 GHz bandwidth per satellite vs. previous FPGA)
    - ASIC integration planned starting ~2 launches after upcoming Indian launch
  - Microns (phased arrays) fully vertically integrated within manufacturing ecosystem, critical building blocks for satellites
- Network/Service:
  - First and only global cellular broadband network in space providing direct connectivity to everyday unmodified mobile devices
  - Supports full native cellular capabilities: voice, text, data, video (including video calls like FaceTime)
  - Supports continuous and seamless handoff between terrestrial and space-based networks
  - Network designed to mirror terrestrial cellular architecture prioritizing privacy and security
- Ground-based infrastructure:
  - Gateways receive satellite signals and integrate into MNO networks
  - Due to large satellite footprint, requires fewer gateways than typical constellations
  - Gateway rollout prioritized in U.S., Europe, Japan with 4+ gateways planned in U.S., fewer per country elsewhere
  - Gateway installs drive initial service activation and revenue recognition
- Spectrum:

    - Hybrid strategy combining shared low-band spectrum from MNO partners (AT&T, Verizon, Vodafone, Rakuten, etc.) with planned own mid-band spectrum acquisition via Ligado (45 MHz)
    - Low-band spectrum enables coverage with high penetration and compatibility with billions of existing phones without modification
    - Mid-band spectrum allows higher data rates and capacity, supporting simultaneous users and increased network density
    - ASIC designs built to support both low-band and mid-band spectrums per 3GPP standards
- Commercial & government deployments:
    - Active network service activations ongoing in U.S., Europe, and Japan
    - Successful live broadband video calls demonstrated with partners Rakuten Mobile, AT&T, Verizon, Vodafone
    - FCC granted special temporary authority for FirstNet direct-to-device satellite connectivity on public safety Band 14 spectrum in U.S.
    - Government contracts include $43 million contract with U.S. Space Development Agency for Block 1 and Block 2 satellites
    - New government contract with Defense Innovation Unit (DIU) supporting communication over land, sea, air; expected revenue low tens of millions over 12-18 months
- Competitive advantage:
    - Only satellite system offering broadband (voice, data, internet, video) capabilities to unmodified phones, versus competitors limited to text messaging
    - Larger satellites enable more capability and fewer handoffs compared to thousands of smaller satellites
    - Dual-use technology serving commercial and government applications
- Facilities:
    - 95% vertically integrated manufacturing primarily in Texas, U.S.
    - Secondary facilities in Barcelona and Florida producing high reliability parts; final integration and testing centralized in Texas
- Launch providers:
    - Multi-operator, launch-vehicle-agnostic launch strategy
    - Early launches involve mix of providers; plans for consistent ramp to meet satellite deployment goals

SUPPLY CHAIN & OPERATIONS

- Manufacturing ramp accelerated to meet launch cadence, targeting 6 satellites/month by Q4 2025
- Gateways designed for shared infrastructure with MNOs to minimize ground footprint
- Tariffs have increased material costs, contributing to $2 million per satellite rise in capital costs
- Launch costs higher due to accelerated timeline and launch market dynamics, partially driving increased capital expenditure per satellite
- Optimizing payload and launch options ongoing to mitigate cost impacts
- Satellite procurement and launch contracts secured to support target constellation size and deployment schedule

PARTNERSHIPS & CUSTOMERS

- Mobile Network Operators:
    - Long-term partners: Rakuten Mobile, AT&T, Verizon, Vodafone, Google
    - Gateway equipment bookings serve as leading indicator of commercial rollout markets
    - It's expected the low-band network relies on spectrum sharing with operators; mid-band spectrum acquisition will enhance capacity and data rates
- Government:
    - Multiple contracts including $43 million U.S. Space Development Agency contract, new Defense Innovation Unit (DIU) contract, and others totaling six programs
    - Government business seen as an important revenue and validation source
    - Participation in national security programs including the Golden Dome ($25 billion program pending) leveraging satellite technology
- Regulatory:
    - FCC special temporary authority for FirstNet Band 14 public safety use acquired, supporting first responder communications nationally
- Spectrum Acquisition:
    - Definitive agreement signed with Ligado for rights to 45 MHz of mid-band spectrum in U.S., approval process underway and on track
    - Financing planned with collateral limited to spectrum acquired, leading to modest G&A impact going forward

LEADERSHIP & STRATEGY

- Leadership team includes Scott Wisniewski (President), Abel Avellan (Chairman & CEO), Andy Johnson (CFO & Chief Legal Officer)
- Strategy focuses on rapid scale-up of satellite manufacturing and launches, aggressive deployment of global cellular broadband network to unmodified phones
- Commitment to vertical integration (95%) driving control, speed, and cost certainty
- Emphasis on dual-use technology for commercial and government markets
- Prioritize non-dilutive capital sources (government, contracts, infrastructure payments), while maintaining flexibility with equity instruments like ATM facilities
- Spectrum strategy balances immediate access to low-band spectrum with future mid-band capacity to maximize service quality and coverage
- Multi-provider, multi-launch vehicle approach to mitigate risk and maintain launch cadence
- Dedicated focus on large market opportunities in United States, Europe, Japan, and select strategic regions

CATALYSTS & UPCOMING EVENTS

- Launch campaign starting in July 2025 with first Block 2 BlueBird satellite launches; 5 launches expected over next 6-9 months
- ASIC chip integration for satellites beginning approx. 1-2 launches after July 2025 launch
- Beta service launch planned in late 2025 with full commercial launch targeted for early 2026 offering full suite of services (voice, text, data, video)
- Ongoing revenue ramp starting 2H 2025 driven by government contract milestone payments and commercial activations including gateway installations
- Ligado mid-band spectrum acquisition approval anticipated with updates soon
- Gateway deployments accelerating in priority markets (U.S., Europe, Japan) to support initial and scaled service
- Continued government contract awards and expansions fueling revenue growth and validation, including Defense Innovation Unit contract announced recently
- Shareholder participation expected in future launch events planned primarily at Cape Canaveral (except July launch in India where attendance not possible)
- Market development in emergency and disaster recovery communications exemplified by response capabilities for events like recent Spain-Portugal power outage

RISKS & UNCERTAINTIES

- Geopolitical dynamics and tariffs impacting material costs and launch expenses, creating cost estimate volatility
- Launch schedule and manufacturing cadence dependent on supply chain and external factors
- Approval process for Ligado spectrum acquisition ongoing and subject to regulatory timing
- Revenue ramp subject to contingencies including successful satellite launches, milestone achievements, and commercial partner activations
- Market and macroeconomic uncertainties may affect capital raising environment and operational execution
- No assurance all revenue objectives or milestones will be achieved as planned

---

This structured summary captures the key points from the AST SpaceMobile Q1 2025 Earnings Call.