



SPACELINK



SpaceLink Program Update

24 March 2022

Disclaimer 1/2

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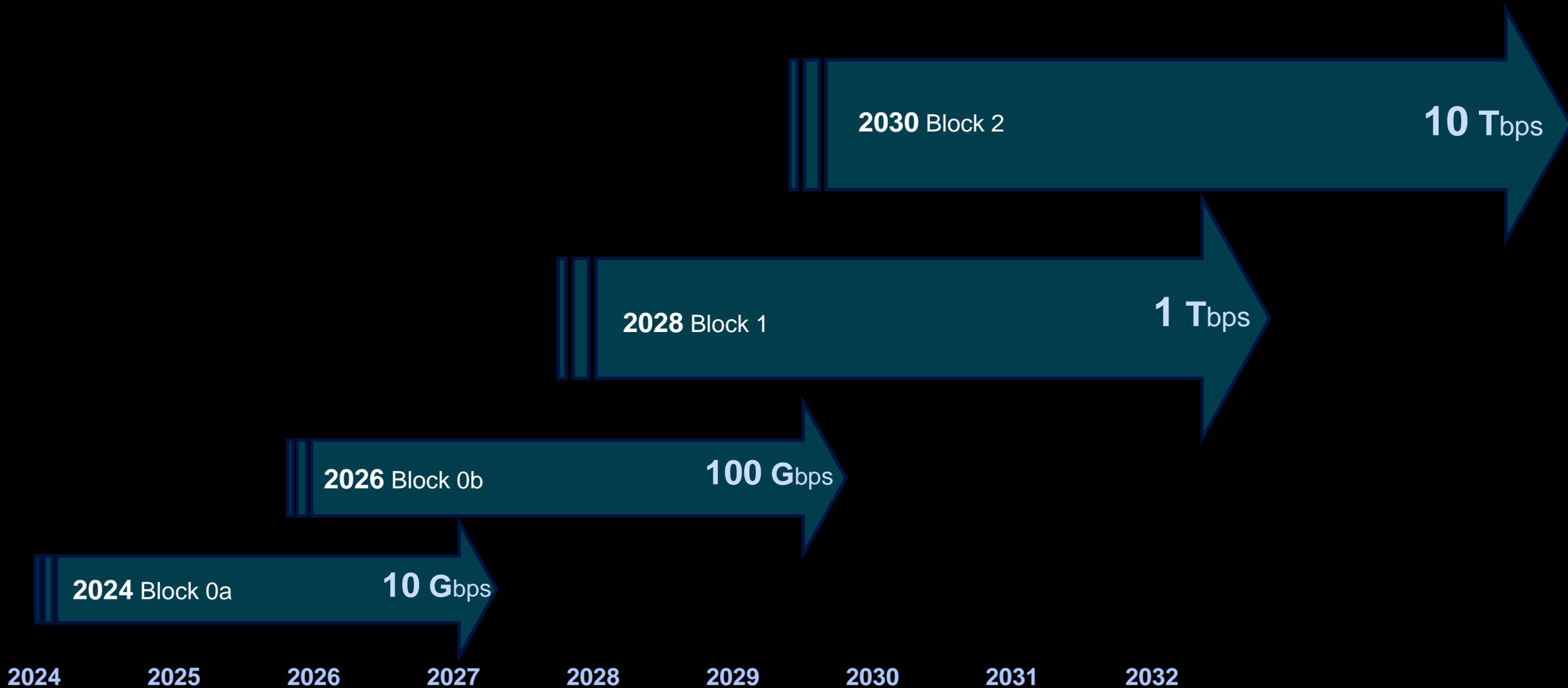
Summary of developments since Q3/2021

- Following a competitive evaluation process during Q2 and Q3/2021, OHB of Germany was selected at the Block-1 satellite vendor due to its extensive heritage in building satellites in the MEO orbit
- SpaceLink and OHB then entered into a cooperative co-engineering phase conducted in Q4/2021 to further optimise the design to improve both the technical performance and to maximise the available network capacity and economics
- The resulting Block-1 satellite design offers excellent technical performance, a high IRR, and requires total funding of US\$750M, with about half of the expenditure on the ground and half in space.
- However, a number of other factors developed during the same period:
 - The new design would have required to extend the schedule to build the satellites by several months. EOS came to the view that there was a material risk that Block-1 may not meet the FCC deadline to activate the spectrum licenses by mid-2024.
 - Capital markets deteriorated in outlook during 2021. The EOS board came to the view that is no longer confidence in achieving full funding of US\$750M in the timeframe required without excessive dilution of EOS' shareholding in SpaceLink.
 - There is market demand for services from mid-2024, so delaying the initial service delivery towards 2025 adds risk to the business model.

Development of a lower risk alternative

- In response to the foregoing schedule and financing risks the SpaceLink team has developed an alternate development plan which addresses these risks and preserves value for EOS shareholders.
- The new plan provides for a smaller initial investment, followed by successive incremental investments, thereby meeting the needs of customers, investors and EOS shareholders.
- The new plan foresees a smaller, cheaper, faster Block-0a and Block-0b constellation deployment to be inserted ahead of the Block-1 and later Block-2 constellations.
- This plan delivers:
 - High confidence of on-orbit operation within the FCC BIU deadline, securing the spectrum.
 - Block-0a funding requirement of US\$240M provides 2.5 years of service from Q1 2024
 - Block-0a revenue of ca. US\$275M meeting all program costs to the end-of-life of the satellites
 - Block-0b extends service delivery until 2030 and adds incremental capacity
 - Block-0b additional funding requirement of US\$120M secures ca. US\$440M of incremental revenue
 - The IRR across the combined Block-0a/b program exceeds 30%.

Roadmap showing Block-0a, Block-0b, Block-1, Block-2



 **SPACELINK**

**The Communications Superhighway
for the Space Economy**

