Consolidated Income Statement for the period ended 30 June 2023

in thousand CHF	Note	H1 2023	H1 2022
		Unaudited	Unaudited
Revenue		166	287
Total operating income		166	287
Cost for material, goods, services, and energy			
Operations licensing		(3,113)	(3,256)
M2M Modules		(184)	(158)
Charges for ground segments		(286)	(213)
Laboratory and projects material		(9)	(13)
Others		-	-
Total cost of goods sold		(3,592)	(3,640)
Gross margin		(3,426)	(3,353)
Personnel expenses	2.11	(2,423)	(3,808)
Operating expenses	2.12	(761)	(1,972)
Depreciation and amortization	2.3/2.4	(3,288)	(2,197)
Total operational expenditure		(6,472)	(7,977)
Operating loss		(9,898)	(11,330)
Financial result	2.13	(328)	(126)
Extraordinary revenues		15	37
Earnings before taxes		(10,211)	(11,419)
Income taxes		-	(11)
Net result for the period		(10,211)	(11,430)

Consolidated Balance Sheet at 30 June 2023

in thousand CHF	Notes	6/30/2023	12/31/2022
		Unaudited	Audited
Cash and cash equivalents		660	180
Trade receivables		33	2
Other receivables	2.1	569	528
Inventories and non-invoiced services		223	301
Prepaid expenses		1,560	1,155
Prepaid launches and insurance	2.2	2,706	3,652
Total current assets		5,751	5,818
Financial assets		5	5
Tangible assets	2.3	7,390	7,445
Intangible assets	2.4	18,120	18,261
Total non-current assets		25,515	25,711
Total Assets		31,266	31,529
Trade payables	2.5	6,958	16,818
Short-term interest-bearing liabilities	2.6	28,117	8,191
Other short-term liabilities	2.7	1,439	1,475
Deferred income and accrued expenses	2.8	804	891
Total short-term liabilities		37,318	27,375
Long-term interest-bearing liabilities	2.9	750	750
Total long-term liabilities		750	750
Total liabilities		38,068	28,125
Share capital		397	397
Additional paid-in capital		53,180	53,180
Other reserves		(5)	(5)
Treasury shares		(15)	(20)
Net result for the period		(10,211)	(21,143)
Accumulated losses		(50,148)	(29,005)
Total equity		(6,802)	3,404
Total Liabilities and Equity		31,266	31,529

Cash Flow Statements
for the period ended 30 June 2023

in thousand CHF	H1 2023	H1 2022
	Unaudited	Unaudited
Cash flow from operating activities		
Net result for the period	(10,211)	(11,430)
Depreciation and amortization	3,288	2,197
Gains arising from disposals of treasury shares	(402)	-
Change in account receivables and other receivables	(70)	163
Change in inventories and non-invoiced services	78	(238)
Change in account payables and other payables	(9,860)	3,375
Change in other accruals and prepayments	418	1,014
Net cash flow from operating activities	**(16,759)**	**(4,919)**
Cash flow from investing activities		
Investment in tangible and intangible assets	(3,093)	(3,311)
Net cash flow from investing activities	**(3,093)**	**(3,311)**
Cash flow from financing activities		
Increase in short-term interest-bearing liabilities	-	19
Decrease in short-term interest-bearing liabilities	(25)	(13)
Increase bank loans	2	1,750
Reimbursement bank loans	-	(200)
Convertible loan agreement*	20,352	-
Net proceeds from treasury shares	4	2
Net cash flow from financing activities	**20,333**	**1,558**
Net change in cash and cash equivalents	**481**	**(6,672)**
Cash and cash equivalents at beginning of period	180	7,206
Effect of exchange rate fluctuations on cash held	(1)	(1)
Cash and cash equivalents at end of period	660	533

Notes to the consolidated financial statements for period ended 30th June 2023

1 General information

1.1 Information about the company

Name	Chairman	Board of Directors	Registered office
Astrocast SA	José Achache	Federico Belloni, Jon Cholak, Fabien Jordan, Roland Loos, Yves Pillonel & Jan Eyvin Wang	Chavannes-près-Renens, Switzerland

Listed	Listing date	Legal Entity	Auditors	Incorporation date
Euronext Growth Market at Oslo Bors	August 25, 2021	Limited by shares	BDO Lausanne	October 1, 2014

Company objective: The company's purpose is to provide services and to sell products in the fields of systems engineering, electronic design and/or software development and all similar or convergent activities.

1.2 Accounting principles

The consolidated financial statements of Astrocast SA are prepared in accordance with the provisions of Swiss Accounting Law (Section 32 of the Swiss Code of Obligations). They have been prepared on the going concern basis.

The consolidated financial statements include the figures of the fully owned subsidiary Astrocast Austria GmbH, Vienna, Austria, incorporated on 30 July 2021. The income statement, the cash flow statement and notes presented in the consolidated financial statements comprise the operations of the parent company for the full calendar year and the subsidiary since incorporation.

1.3 Principles and scope of consolidation

The consolidated financial statements include all companies in which Astrocast SA holds either directly or indirectly more than 50% of the voting rights or over which it has control in another form. New companies that were acquired during the reporting period are included in the consolidated financial statements from the date on which the company was founded or from the date on which control of the company is transferred to Astrocast SA.

The consolidated financial statements include the financial statements of the following fully consolidated companies:

Company name	Registered office	Currency	Share capital	Participation 6/30/2023	Participation 12/31/2022	Participation 6/30/2022
Astrocast SA	Chavannes-près-Renens, Switzerland	CHF	396,609	n/a	n/a	n/a
Astrocast GmbH	Vienna, Austria	EUR	35,000	100%	100%	-

Astrocast Austria GmbH, Vienna, Austria was founded during the financial year 2021 and is fully owned by Astrocast SA. Astrocast SA holds 100% of the voting rights of Astrocast GmbH. The company objective of Astrocast GmbH is the operation and offer of satellite-based public communication networks and services.

Intercompany assets and liabilities as well as income and expenses are fully consolidated. All intercompany transactions are eliminated on consolidation.

1.4 Foreign currency translation

All companies report their financial statements in local currency. For the balance sheet closing rates are used for foreign currency translation. For the income statement average rates are used. The following exchange rates prevail:

Curreny	Closing rate	Average rate
1 EUR	0.98638	0.9982

1.5 Accounting policies for balance sheet items

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks that can be withdrawn without notice. They are held to maturity and carried at fair value.

Trade receivables, other receivables and non-invoiced services

Trade receivables are recognised once the company has the unconditional right to payment. Accounts receivables are initially recognized at the transaction value according to contractual terms and conditions. They do not carry any interest.

Subsequently, accounts receivables are measured at amortised cost which equals their transaction values less provision for impairment. For impairment of trade receivables, the company estimates expected lifetime credit losses that would typically be carried for each receivable based on the credit risk class upon the initial recognition of the receivables. Expected lifetime credit losses are estimated based on historical financial information as well as forward-looking data. Additional provisions are recognised when specific circumstances or forward-looking information lead the company to believe that additional collectability risk exists with respect to customers that are not reflected in loss expectancy rates. The company writes off trade receivables when it has no reasonable expectation of recovery. The company evaluates the credit risk of its customers on an ongoing basis. Foreign currency revaluations and impairment losses are recognised in the income statement. On derecognition, gains and losses are recognised in the income statement.

Prepaid expenses and prepaid launches

Prepayments represent expenditure booked during the financial year but relating to a subsequent financial year. The prepaid expenses include mainly Data R&D as well as rental of third-party satellite launch capacity. Prepaid expenses are recognised at cost which equals their transaction values less provision for impairment, if any.

Tangible assets

Tangible assets are initially stated at acquisition cost. After initial recognition, the item is carried at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the gross amount over the useful life of the asset using the straight-line method. Normal annual use is reflected in the scheduled depreciation (see note 2.3).

Depreciation is recognized over the tangible assets' useful lives on the following bases:

Category	Useful life
Equipment	5 years
Facility installations	8 years
Satellites on ground and under construction	not depreciated
Demonstration satellites in orbit	4 years
Commercial satellites in orbit	5 years

Depreciation begins when the asset is available for use, i.e. regardless of whether the asset is effectively used or not. Equally, depreciation is not suspended merely because the asset is temporarily unused. Depreciation of satellites begins as soon as they are in orbit.

Intangible assets

Intangible assets are measured initially at cost. For the subsequent measurement, intangible assets are measured using the cost model, i.e. at cost of acquisition or production less amortization and impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

Useful lives are set individually for each asset and fall within the following ranges:

Category	Useful life
Communication protocol	5 years
Technology and chips	5 years
Data	5 years
Modules	5 years
Satellites	5 years
Network and ground segment	5 years

Amortization begins when the asset is available for use, i.e. regardless of whether the intangible asset is effectively used or not. Equally, amortization is not suspended merely because the intangible asset is temporarily unused.

Trade accounts payable

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Short-term and long-term interest-bearing liabilities

Short-term and long-term interest-bearing liabilities are initially recognised at fair value, and subsequently carried at amortised cost.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense, respectively.

Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

2 Notes to the consolidated financial statements

2.1 Other receivables

in thousand CHF	Consolidated 6/30/2023	12/31/2022
Advance to suppliers	469	480
VAT receivables	29	33
Tax at source	29	-
Other receivables from employees	38	4
Other short-term receivables	4	11
Other receivables	569	528

Advance to suppliers down payments correspond to prepayments for the material to produce modules.

2.2 Prepaid launches and insurance

in thousand CHF	Consolidated 6/30/2023	12/31/2022
4th Orbital Plan	-	742
5th Orbital Plan	324	324
6th Orbital Plan	809	809
7th Orbital Plan	1,395	1,395
11th Orbital Plan	178	382
Prepaid launches and insurance	2,706	3,652

There is one account (Orbital plan) for each reservation of launch capacity for our satellites on a specific launch vehicle. The amounts can change over the years as the number of satellites per orbital plan can vary from the original launch agreement or the launch itself can shift in time, resulting in a change of orbital plan.

2.3 Tangible assets

in thousand CHF	Equipment	Facility installations	Satellites on ground and under construction	Demonstration satellites in orbit	Commercial satellites in orbit	Total
Cost						
Balance at 30th of June 2022	602	1,434	2,266	1,664	4,814	10,780
Additions	3	22	1,058	-	-	1,083
Reclassification	-	-	(1,773)	-	1,773	-
Balance at 31st December 2022	605	1,456	1,551	1,664	6,587	11,863
Additions	-	4	169	-	742	915
Reclassification	-	-	(976)	-	976	-
Balance at 30th of June 2023	605	1,460	744	1,664	8,305	12,778
Accumulated depreciation						
Balance at 30th of June 2022	309	542	-	1,664	1,208	3,723
Depreciation for the period	64	90	-	-	541	695
Balance at 31st December 2022	373	632	-	1,664	1,749	4,418
Depreciation for the period	49	91	-	-	830	970
Balance at 30th of June 2023	422	723	-	1,664	2,579	5,388
Carrying amount						
As at 31st December 2022	232	824	1,551	-	4,838	7,445
As at 30th of June 2023	183	737	744	-	5,726	7,390

The company carried out the depreciation of the satellites in respect with the useful life of the satellites. Commercial satellites have a 5-year life expectancy, and the depreciation starts from the month of the launch and represents and expense of CHF 0.8 million in H1 2023 (H2 2022: CHF 0.5 million).

2.4 Intangible assets

in thousand CHF	Communica-tion protocol	Chips and technology	Data	Modules	Satellites	Network and ground segment	Total
Cost							
Balance at 30th of June 2022	3,574	3,106	2,799	3,044	3,895	2,937	19,355
Additions	-	156	921	378	571	532	2,558
Balance at 31st December 2022	3,574	3,262	3,720	3,422	4,466	3,469	21,913
Additions	-	32	900	284	581	380	2,177
Balance at 30th of June 2023	3,574	3,294	4,620	3,706	5,047	3,849	24,090
Accumulated amortization							
Balance at 30th of June 2022	656	575	562	574	731	554	3,652
Amortization for the period	358	320	334	327	423	323	2,085
Balance at 31st December 2022	656	575	562	574	731	554	3,652
Amortization for the period	358	328	425	358	480	369	2,318
Balance at 30th of June 2023	1,014	903	987	932	1,211	923	5,970
Carrying amount							
As at 31st December 2022	2,918	2,687	3,158	2,848	3,735	2,915	18,261
As at 30th of June 2023	2,560	2,391	3,633	2,774	3,836	2,926	18,120

Intangible assets increased by CHF 2.2 million in H1 2023 (H2 2022: CHF 2.6 million) and are mainly based on internal developments with capitalized personnel costs of CHF 1.4 million in H1 2023 (H2 2022: CHF 1.6 million) and other intangible assets acquired from third parties in the course of the development of Astrocast's business.

2.5 Trade payables

	Consolidated	
in thousand CHF	6/30/2023	12/31/2022
Payables towards third parties	6,958	16,813
Advance from customers	-	5
Trade payables	6,958	16,818

The decrease in the payables towards third parties is mainly due to a conversion of Thuraya supplier invoices into a convertible loan of CHF 17 million (US$17.5 million). As the company was in a tight cash situation during the semester, payment plans have been discussed with suppliers.

2.6 Short-term interest-bearing liabilities

	Consolidated	
in thousand CHF	6/30/2023	12/31/2022
Short-term interest-bearing to third parties	18,877	1,956
Short-term interest-bearing to Shareholders	9,240	6,235
Short-term interest-bearing liabilities	28,117	8,191

Short-term interest-bearing liabilities to shareholders raised by financing through convertible loan agreements of CHF 2.8 million.

2.7 Other short-term liabilities

in thousand CHF	Consolidated 6/30/2023	12/31/2022
Other short-term liabilities to employees and social charges	1,439	1,475
Other short-term liabilities	1,439	1,475

The liability at the end of June 2023 is mainly due to social organisations.

2.8 Deferred income and accrued expenses

in thousand CHF	Consolidated 6/30/2023	12/31/2022
Deferred income	347	402
Other accrued expenses	457	489
Deferred income and accrued expenses	804	891

Other accrued expenses mainly consist of non-realized exchange gain and accruals for holidays and overtime.

2.9 Long-term interest-bearing liabilities

in thousand CHF	Consolidated 6/30/2023	12/31/2022
Covid loan	750	750
Long-term interest-bearing liabilities	750	750

To guarantee a sufficient level of cash and cash equivalents, Astrocast SA has taken a COVID-19 guaranteed loan for a total amount of CHF 1 million. The total amount of the loan was granted at an interest rate of 0.5%. Based on decisions of the Swiss Federal finance department, the interest conditions can be adapted to market developments on 31 March once a year. The contract has been renewed in summer 2022 with the following new conditions, the duration of the loan is 78 months in total with a quarterly limit reduction of CHF 50,000 beginning on 30 June 2025.

During the period of use of the COVID-19 credit, the company is not allowed to pay dividends, and it cannot reimburse capital contributions. In addition, there are other restrictions on granting and repaying loans to group companies and shareholders.

2.10 Share capital and shareholder information

The share capital of Astrocast SA as of 30 June 2023 was divided into 39,660,908 registered shares with a nominal value of CHF 0.01 each. The share capital is fully paid up.

In accordance with the articles of association, the Board of Directors is authorised to increase the share capital as follows as per 30 June 2023 and until 8 September 2024:

- Authorized share capital of 19,830,454 registered shares.

Further, the share capital may be increased as follows:

- Conditional share capital for the ESOP of 5,400,000 registered shares, and
- Conditional share capital for loans with conversion rights or option rights and other financial instruments of 14,430,454 registered shares.

2.11 Personnel expenses

in thousand CHF	Consolidated H1 2023	H1 2022
Personnel expenses	2,776	4,557
Social charges	554	559
Third party expenses	438	493
Other personnel expenses	58	91
Capitalization of internally generated cost	(1,403)	(1,892)
Personnel expenses	2,423	3,808

2.12 Operating expenses

in thousand CHF	Consolidated H1 2023	H1 2022
Administration and IT expenses	374	1,188
Travel and advertising	94	252
Rental and facility expenses	182	176
Insurance	64	43
Energy and waste disposal	8	47
Other operational costs	39	266
Operating expenses	761	1,972

2.13 Financial result

in thousand CHF	Consolidated H1 2023	H1 2022
Net foreign exchange gain/(loss)	(555)	(30)
Interest expenses	(167)	(79)
Bank fees	(6)	(17)
Gains arising from disposals of treasury shares	400	-
Financial result	(328)	(126)

3. Other disclosures

3.1 Number of employees

	H1 2023	H1 2022
Average of full-time employees over period	50.0	70.1

3.2 Pension fund

in thousand CHF	6/30/2023	12/31/2022
Liabilities relating to pension fund (included in the recognized liabilities)	-	322

3.3 Significant shareholders

There were no beneficiary owners that have informed the company that they hold more than 5% of the voting rights.

Please also see "Shareholders information" on page 9 of the annual report 2022. VPS shareholders may only exercise their voting rights through DNB Bank ASA.

3.4 Treasury shares

Treasury shares held by the company:

	Number of shares	Price per share in CHF	Value of treasury shares in CHF
Balance at 30th of June 2022	**2,038,434**		**20,384**
Sales (ESOP)	(488)	0.01	(4.88)
Balance at 31st December 2022	**2,037,946**		**20,379**
Sales (ESOP)	(538,397)	0.01	(5,383.97)
Balance at 30th of June 2023	**1,499,549**		**14,995**

During the first semester 2023, funds managed by W11 Capital Management, LLC a close associate of Jon Cholak, board member of the Company have purchased 463,070 shares from the Company's treasury shares on 17 March 2023 for a price of 10 NOK per share, as detailed in the press release on March 17, 2023.

3.5 Lease obligations

The maturity of leasing obligations which have a residual term of more than twelve months, or which cannot be cancelled within the next twelve months are as follows:

in thousand CHF	6/30/2023	12/31/2022
Up to 1 year	296	296
1-5 years	1,083	1,100
More than 5 years	2,778	2,902
Total	4,157	4,298

The lease obligations correspond mainly to the long-term rental contract for the office and operational space with a lease term until 2039.

3.6 Compensation of the Board of Directors and the Senior Management

Compensation of the Board of Directors in H1 2023

The total compensation of the Board of Directors for the financial half year 2023 amounts to CHF 125 thousand (H1 2022: CHF 159 thousand). The compensation of the Board consists of a fixed compensation paid in cash, exercised stock options, and related social insurances (where applicable).
The following table reflects the total compensation of the Board of Directors for the financial first half year 2023 (in thousand of CHF):

in thousand CHF		H1 2023	H1 2023	H1 2023	H1 2023	H1 2022	H1 2022	H1 2022	H1 2022
Name	Position	Total	Options	Fixed salary	Social insurrance contribution**	Total	Options	Fixed salary	Social insurrance contribution**
José Achache	Chairman	40	-	40	-	40	-	40	-
Federico Belloni*	Member	-	-	-	-	-	-	-	-
Jonathan Francis Cholak	Member	10	-	10	-	10	-	10	-
Fabien Jordan*	Member	-	-	-	-	-	-	-	-
Roland Loos	Member	10	-	10	-	10	-	10	-
Yves Jean-Marc Pillonel	Member	12	-	10	2	12	-	10	2
Jan Eyvin Wang***	Member	53	43	10	-	87	77	10	-
Total		125	43	80	2	159	77	80	2

* Fabien Jordan and Federico Belloni do not receive any Board Member compensation. Their compensation is detailed in the section below “Compensation of the Senior Management in H1 2023”.

Compensation of the Senior Management in H1 2023

The total compensation of the Senior Management (including stock options, social insurance, pension contributions and others) for the financial half year 2023 amounts to CHF 0.5 million (H1 2022: 0.9 million). 80,000 stock options were granted to the Senior Management during the first half of 2023 (H1 2022: 145,000). The highest compensation in the first half of 2023 was conferred to Fabien Jordan, CFO (H1 2022: Laurent Vieira de Mello, former COO).

(In thousand of CHF)	H1 2023 highest compensation	H1 2023 other members	H1 2023 total senior management	H1 2022 highest compensation	H1 2022 other members	H1 2022 total senior management
Annual base salary	115	279	394	83	452	535
Stock options	-	91	91	185	53	238
Social insurance, pension contributions and others	16	39	55	25	55	80
Total	131	409	540	293	560	853

There were no other compensation, loans or credit facilities paid by the Company or any of its group companies to members of the Board or to Senior Management in H1 2023 other than those disclosed above.

3.7 Audit fees

in thousand CHF	Consolidated H1 2023	H1 2022
Audit services (stand-alone financial statements, consolidated financial statements and compensation report)	64	127
Other services	-	100
Total audit fees	64	227

3.8 Related parties

The related parties consist primarily of members of the Board of Directors and the Senior Management, and companies under their control. Information on the allocation of shares to the Board of Directors and the Senior Management is disclosed in detail in note 3.6.

In 2023, Astrocast SA conducted business with Astrocast US LLC. The company is under control of a Board member and serves as a payroll company for Astrocast in the USA. As per 30 June 2023, Astrocast SA has a short-term debt of CHF 141 thousand (30 June 2022: no outstanding positions).

As of 30 June 2023, no other material transactions were conducted, and no receivables or liabilities were outstanding towards other related parties or associated companies. All business relations with related parties are conducted at arm’s length. No unusual transactions were affected with either the main shareholders or other related parties.

3.9 Going concern

Astrocast incurred a net loss of CHF 10.2 million for H12023, which led to a net negative equity of CHF 6.8 million as per 30 June 2023. The Board of Directors and the Management are actively working on a plan to raise new funds and further measures in order to remedy the over indebtedness and secure financing of the company for the next 12 months at least - where advanced discussions are currently being held with investors and noteholders who have confirmed their willingness to support this plan. Further per article 725 b of the Swiss Code of Obligations, the company is acting with the required urgency to finalize this plan. As in 2022, the company has been able to rely on bridge (convertible) loans from existing and new investors (see sections 2.6 and 3.10) to continue its operations in 2023 and is reasonably confident to be able to rely on such source of financing until closing of the above-mentioned plan. As such, the Board of Directors considers there is reasonable prospect that the financing of the company will be secured for at least the next twelve months, that the capital structure of the Company will be strengthened, and the over indebtedness will be eliminated within a reasonable period of time. However, at the date of this report, there is no guarantee that the above-mentioned plan will be finalized, and the company will secure sufficient commitments to avoid bankruptcy. The company is still in a ramp-up phase and accordingly has not reached a positive operating result yet. It is exposed to all the risks inherent in establishing and growing a business

Should the Company not succeed in attracting additional funding or raise the necessary financing through collaborations with third parties related to the development and/or commercialisation of its products, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Consequently, the liquidity of the Company over the next twelve months might be negatively impacted. Thus, a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

3.10 Significant events after the balance sheet date

The resignation of Jan Eyvin Wang a board member on October 17, 2023. Furthermore, the company has relied on debt financing through issuance of convertible notes after the close of H1 2023. Between August and December 2023, the company raised an additional CHF 2.4 million in convertible loans with similar terms and conditions as previously issued convertible notes.