



Annual financial statements as of December 31, 2024 and management report

AUDITOR'S REPORT

Tesat-Spacecom GmbH & Co. KG
Backnang

KPMG AG
Wirtschaftsprüfungsgesellschaft

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Tesat-Spacecom GmbH & Co. KG,

Backnang

Balance sheet as of December 31, 2024

Assets

	Dec. 31, 2024		Dec. 31, 2023	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
1. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	202,049.00		457,244.00	
2. Internally generated trademarks and similar rights and assets	3,115,903.81	3,317,952.81	0.00	457,244.00
II. Property, plant and equipment				
1. Land, leasehold rights and buildings, including Buildings on third-party land	33,192,291.60		13,984,086.60	
2. Technical equipment and machinery	12,566,964.00		12,834,977.00	
3. Other equipment, operating and office equipment	11,911,934.00		13,871,727.00	
4. Advance payments and construction in progress	6,342,860.08	64,014,049.68	21,587,565.80	62,278,356.40
III. Financial assets				
1. Investments	0.00		0.00	
2. Securities held as investments	1,112,721.85	1,112,721.85	2,108,131.23	2,108,131.23
		68,444,724.34		64,843,731.63
B. Current assets				
I. Inventories				
1. Raw materials and supplies	17,825,798.24		15,355,531.05	
2. Work in progress	328,780,334.74		275,067,313.34	
3. Finished goods and merchandise	100,102,346.94		92,862,636.59	
4. Advance payments	59,893,904.89		43,831,668.51	
5. Payments received	-475,106,957.14	31,495,427.67	-367,493,413.59	59,623,735.90
II. Receivables and other assets				
1. Trade receivables	7,436,741.96		12,046,273.08	
2. Receivables from affiliated companies	102,130,576.89		96,110,411.84	
3. Other assets	6,587,840.15	116,155,159.00	3,053,305.34	111,209,990.26
III. Cash at bank		4,858.85		5,128.75
		147,655,445.52		170,838,854.91
C. Prepaid expenses		1,489,452.02		1,444,498.18
		217,589,621.88		237,127,084.72

Equity and liabilities

	Dec. 31, 2024	Dec. 31, 2023
	EUR	EUR
A. Equity		
I. Capital share of limited partner	10,000,000.00	10,000,000.00
II. Reserves		
Capital account II	10,281,913.03	23,480,869.68
III. Retained earnings	0.00	0.00
	20,281,913.03	33,480,869.68
B. Provisions		
1. Provisions for pensions and similar obligations after offsetting against plan assets	143,179,128.18	143,330,504.52
2. Other provisions	25,239,769.76	21,639,758.69
	168,418,897.94	164,970,263.21
C. Liabilities		
1. Trade payables	21,056,693.59	32,087,932.62
2. Liabilities to affiliated companies	1,707,867.22	1,140,795.26
3. Other liabilities	6,124,250.10	5,447,223.95
– thereof for taxes: EUR 1,435,034.66 (PY: EUR 1,351,349.51) –		
– thereof for social security: EUR 4,524,308.10 (PY: EUR 3,798,661.98) –		
	28,888,810.91	38,675,951.83
	217,589,621.88	237,127,084.72

Tesat-Spacecom GmbH & Co. KG,

Backnang

Income statement for the period from January 1 to December 31, 2024

	2024		2023	
	EUR	EUR	EUR	EUR
1. Revenue		203,719,202.03		189,854,604.27
2. Increase in finished goods and work in progress		52,681,220.09		47,844,666.15
3. Other own work capitalized		3,142,117.17		730,792.59
4. Other operating income		35,714,155.16		29,652,384.30
5. Cost of materials				
a) Cost of raw materials, supplies and purchased goods	-109,197,771.83		-92,345,482.45	
b) Cost of purchased services	-18,410,351.39	-127,608,123.22	-9,771,390.00	-102,116,872.45
6. Personnel expenses				
a) Wages and salaries	-103,605,695.45		-96,574,084.22	
b) Social security, pension and other benefits	-22,098,488.98	-125,704,184.43	-20,059,252.83	-116,633,337.05
– thereof for pensions: EUR 5,029,658.83 (PY: EUR 4,282,043.65) –				
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment		-10,092,899.78		-10,302,600.86
8. Other operating expenses		-43,274,441.20		-37,945,102.71
9. Other interest and similar income		2,741,201.15		3,572,378.05
– thereof from affiliated companies: EUR 2,637,915.78 (PY: EUR 2,674,146.74) –				
10. Interest and similar expenses		-173,350.44		-127,225.63
– thereof to affiliated companies: EUR 8,510.50 (PY: EUR 20,944.75) –				
11. Income taxes		-20,077.75		-161,888.00
12. Earnings after tax		-8,875,181.22		4,367,798.66
13. Other taxes		-38,875.94		-82,899.17
14. Net loss for the year (PY: net income)		-8,914,057.16		4,284,899.49
15. Credited to capital accounts		0.00		-4,284,899.49
16. Debited from capital accounts		8,914,057.16		0.00
17. Retained earnings		0.00		0.00

Notes to the 2024 financial statements
Tesat-Spacecom GmbH & Co. KG, Backnang
Commercial register file no. HRA 270977
Court of registration: Stuttgart

- (1) General information** The annual financial statements of Tesat-Spacecom GmbH & Co. KG have been prepared in accordance with the provisions of the German Commercial Code [Handelsgesetzbuch: HGB]. The income statement has been prepared using the nature of expense method. Tesat-Spacecom GmbH & Co. KG is a large commercial partnership. With the exception of the adjustment to the reduction for days sales in inventory presented under Note 7, the accounting methods applied are unchanged relative to the prior-year financial statements.
- (2) Financial year** Calendar year
- (3) Capital and capital structure** The general partner Tesat-Spacecom Geschäftsführungs GmbH, Backnang, is not authorized or obliged to make a capital contribution. It does not hold a capital share and has no ownership interest in the assets of GmbH & Co. KG. In accordance with Article 6 (2) of the Partnership Agreement, it is reimbursed for all expenses incurred on behalf of the Company and also receives annual remuneration of 5% on its paid-in share capital of EUR 25,000 for its activities and the assumption of risk.
- The limited partner Airbus Defence & Space GmbH, Ottobrunn, has liable fixed capital of EUR 10,000,000. This contribution was paid after the Partnership Agreement was concluded.
- (4) Capital accounts** A capital account (Capital Account II) is maintained for each partner. The share of loss attributable to partners is deducted from this account. The share of profit attributable to partners (to the extent resolved by partners) and other contributions made by the partners are credited to this account.
- A loan account is also maintained for each partner. Balances on this loan account bear annual interest of 2% above the base rate of the German Central Bank [Deutsche Bundesbank] or the interest rate of the European Central Bank replacing the Bundesbank rate according to legislation of the German Federal Government. The limited partner is entitled to withdraw amounts from this account at any time.
- A non-interest-bearing capital account (Capital Account I), to which the fixed capital contribution is credited, is maintained for the limited partner.
- (5) Parent company** Tesat-Spacecom GmbH & Co. KG is owned by the limited partner Airbus Defence and Space GmbH, Ottobrunn, whose shareholder is Airbus SE, Leiden (the Netherlands).
- The financial statements of Tesat-Spacecom GmbH & Co. KG are included in the consolidated financial statements of Airbus SE, Leiden (the Netherlands).
- These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), for the smallest and largest group of

entities and, along with the group management report, are published in the German Company Register [Unternehmensregister].

(6) Management

In accordance with Article 5 of the Partnership Agreement, Tesat-Spacecom Geschäftsführungs GmbH is authorized and required to manage and represent the Company. Tesat-Spacecom Geschäftsführungs GmbH's managing directors are:

Thomas Reinartz, Chief Executive Officer, Munich (until December 31, 2024)

Kerstin Basche, Chief Financial Officer, Munich (until January 31, 2025)

Rolf Leonhardt, Chief Financial Officer, Argenbühl (from February 1, 2025)

Ralph Schmid, Chief Programs Officer, Calw

The managing directors receive no remuneration from the Company.

(7) Accounting policies

Purchased intangible assets are measured at cost and amortized over their estimated useful life of 3 years. The option to capitalize internally generated intangible assets in the balance sheet in accordance with Section 248 (2) HGB was exercised for the first time in the financial year. Property, plant and equipment is stated at cost. These include a proportionate share of overheads in addition to the directly attributable cost of materials and direct labor. Interest on borrowings is not capitalized. Additions to property, plant and equipment are generally depreciated on a straight-line basis over a period of 3 to 13.5 years.

Low-value assets acquired at a cost of EUR 800 or less are written off in the year of acquisition.

Financial assets are stated at the lower of cost and fair value, if impairment is expected to be permanent. If the reason for permanent impairment ceases to exist, the write-down is reversed up to the amount of cost.

Raw materials, supplies and merchandise are measured at the lower of cost and fair value.

Work in progress and finished goods and services are recognized at cost. These include a proportionate share of overheads in addition to the directly attributable cost of materials and direct labor. Interest on borrowings is not capitalized.

Write-downs are recorded for slow-moving material inventories. The various inventories are written down to their net realizable value (loss-free valuation).

Inventory is measured according to days sales in inventory and stage of write-down logic. The stages of days sales in inventory are from 30 months (25% write-down), 42 months (50% write-down) and 54 months (75% write-down).

Advance payments, receivables and other assets are stated at their nominal value.

In addition, recognizable specific risks are taken into account to an appropriate extent for receivables through individually measured specific valuation allowances and general credit risks through general valuation allowances.

Advance payments received and cash and cash equivalents are stated at nominal value.

Prepaid expenses include expenses before the reporting date that represent expenses for a specific period after that date.

To determine deferred tax assets and liabilities due to temporary or quasi-permanent differences between the values of assets, liabilities, prepaid and deferred items stated in the financial statements compared to the tax accounts or due to tax loss carryforwards, the resulting tax liability and relief amounts are valued at the company-specific tax rates applicable at the time of reversal of the differences and are not discounted. Deferred tax assets and liabilities are recognized on a net basis.

Provisions take account of all identifiable risks. These are recognized at the settlement amount deemed necessary according to prudent commercial judgment.

Pension obligations are recognized in full as a liability using the projected unit credit method according to actuarial principles based on the Heubeck 2018G guideline tables. Pension provisions were discounted using the average market interest rate for a remaining term to maturity of 15 years in accordance with the German Regulation on the Discounting of Provisions [Rückstellungsabzinsungsverordnung: RückAbzinsV] of November 18, 2009. In accordance with Section 253 (2) sentence 1 HGB as amended, the 10-year average interest rate of 1.90% (PY: 1.82%) was used. Future pension growth of 2.1% (PY: 2.4%) and salary growth of 3.1% (PY: 3.4%) are assumed for the calculation. The difference between the value stated for the 10-year average and the 7-year average interest rate (1.97%; PY: 1.74%) amounts to KEUR -2,025 (PY: KEUR 2,459).

Due to the insolvency insurance for securities which serve to hedge pension obligations, these securities are offset against the recognized provisions (Section 246 (2) HGB). Their fair value as of the reporting date is equal to the market value of KEUR 29,371 (PY: KEUR 25,708). The acquisition cost amounts to KEUR 24,893 (PY: KEUR 22,993). The settlement amount of the provision is KEUR 172,550 (PY: KEUR 169,038). Accordingly, income from the valuation of the securities investment of KEUR 1,739 (PY: income of KEUR 2,739) together with the interest expenses from the discounting of provisions for pensions of KEUR 1,994 (PY: KEUR 1,882) was reported under interest expenses (PY: interest income).

The projected unit credit method based on actuarial principles is also used to determine the provision for long-service benefits. This provision is recognized as a liability based on the Heubeck 2018G guideline tables and a discount rate of 1.68% (PY: 1.39%).

Liabilities are stated at their settlement amounts.

In accordance with German commercial law, transactions in foreign currency (receivables and liabilities) are translated using the average spot exchange rate applicable on the reporting date.

Other items denominated in foreign currency are valued at the closing rate applicable at the date on which they were incurred. Gains or losses arising as of the reporting date from changes in closing rates are recognized.

(8) Fixed assets

Movements in fixed assets are presented in the appendix (statement of movements in fixed assets).

Financial assets report participating interests as well as securities held as investments provided these do not serve as hedging for partial retirement benefit obligations (KEUR 1,113; PY: KEUR 2,108).

(9) Participating interests

Name	Registered office	Capital share
Synertech Ltd.	Moscow (Russia)	24.5%

As there is no obligation to publish this company's financial statements, its equity and net income are not disclosed in accordance with Section 286 (3) sentence 2 HGB.

This participating interest was fully written down in 2018.

(10) Inventories

Advance payments on inventories include advances paid to affiliated companies (partners) in the amount of KEUR 5,158 (PY: KEUR 4,519).

Payments received on account of orders from affiliated companies amounting to KEUR 233,312 (PY: KEUR 162,120) include KEUR 99,891 (PY: KEUR 72,807) from partners.

(11) Receivables and other assets

Trade receivables from third parties break down into receivables with a remaining term of up to one year (KEUR 6,573; PY: KEUR 11,861) and receivables with a remaining terms of more than one year (KEUR 864; PY: KEUR 185).

Receivables from affiliated companies include trade receivables of KEUR 6,719 (PY: KEUR 2,479), receivables from the VAT pooling arrangement of KEUR 3,189 (PY: KEUR 6,315) and financial receivables of KEUR 92,222 (PY: KEUR 87,316) from Airbus SE, Leiden (the Netherlands).

Receivables from affiliated companies include trade receivables from partners of KEUR 679 (PY: KEUR 793).

(12) Foreign currency hedges

In order to minimize foreign currency exposure, forward exchange contracts were concluded with Airbus SE, Leiden (the Netherlands), for incoming payments arising from projects in the US dollar region and outgoing payments in US dollars.

As of the reporting date, translated at the closing rate, the Company had sales obligations of KEUR 119,292 (PY: KEUR 135,433) and purchase obligations of KEUR 48,504 (PY: KEUR 46,551).

The notional values and fair values of financial instruments as of the reporting date were as follows:

Positive market value in KEUR	Negative market value in KEUR	Notional value in KEUR
1,450 (PY: 3,030)	4,942 (PY: 828)	-70,788 (PY: -88,881)

The notional value shown above corresponds to the sum of all sales and purchase obligations arising from derivative financial instruments measured at closing rates. The market value is the sum of differences between forward exchange contracts measured at closing rates and the contracted exchange rates.

As a result of the development in the USD exchange rate, no provisions had to be recognized for the current hedging transactions (PY: KEUR 107).

Gains on derivative instruments existing as of the reporting date valuation amounting to KEUR 1,450 (PY: KEUR 3,030) were not realized.

Since January 1, 2015, valuation units (hedges) for new projects in USD have been recognized and presented using the net hedge presentation method according to the provisions of the HGB. As a result, provisions for contingent losses (onerous contracts) in the amount of KEUR 4,942 (PY: KEUR 722) were no longer necessary.

The mark-to-market method is used to value forward exchange transactions. The forward exchange contracts fall due between one month and November 2026 at the latest.

(13) Equity

In financial year 2024, KEUR 4,285 (PY: KEUR 7,500) was distributed to the partners from Capital Account II. The net income for 2024 of KEUR -8,914 (PY: KEUR 4,285) will be debited to Capital Account II in accordance with the Partnership Agreement. As a result, Capital Account II amounted to KEUR 10,282 as of December 31, 2024 (PY: KEUR 23,481).

(14) Other provisions

Other provisions comprise contingent liabilities for sales-related activities (KEUR 6,434; PY: KEUR 2,167), personnel and social security (KEUR 16,586; PY: KEUR 17,293) and other risks (KEUR 2,219; PY: KEUR 2,180).

The provisions for sales-related activities relate primarily to outstanding costs for late delivery compensation and missing prime costs. Personnel and social security-related provisions relate primarily to partial retirement benefit obligations, bonuses, long-service benefits as well as overtime and leave entitlements. Provisions for other risks mainly relate to outstanding invoices, tax audits and work for annual financial statements.

Due to the insolvency insurance for securities which serve to hedge partial retirement benefit obligations, these securities are offset against the recognized provisions (Section 246 (2) HGB). Their fair value as of the reporting date is equal to the market value of KEUR 2,108 (PY: KEUR 3,466). The acquisition cost amounts to KEUR 1,836 (PY: KEUR 3,344). The settlement amount of the provision is KEUR 995 (PY: KEUR 1,357). Accordingly, income from the valuation of the securities investment of KEUR 150 (PY: income of KEUR 163) was reported under interest income together with interest expenses from the discounting of provisions for partial retirement benefits of KEUR 14 (PY: KEUR 9). The portion of the securities investment exceeding the settlement amount is presented in financial assets under securities held as investments in the financial year (KEUR 1,113; PY: KEUR 2,108).

Equally, securities that serve to hedge obligations arising from the flexible working and security account (FASI) are offset against the

recognized provision (Section 246 (2) HGB). Their fair value as of the reporting date is equal to the market value of KEUR 1,148 (PY: KEUR 948). The acquisition cost amounts to KEUR 1,085 (PY: KEUR 961). The settlement amount of the provision is KEUR 6,957 (PY: KEUR 6,206). The provision for the flexible working time and security account (FASI) was discounted in the amount of KEUR 375 (PY: KEUR 375). Income of KEUR 51 (PY: income of KEUR 43) was generated from the valuation of securities investments.

(15) Liabilities

In financial year 2024 liabilities to affiliated companies include trade payables of KEUR 1,708 (PY: KEUR 1,141). There were no financial liabilities. There are liabilities to partners in the amount of KEUR 58 (PY: KEUR 337). As in the prior year, trade payables and liabilities to affiliated companies have a remaining term of up to one year. Other liabilities with a remaining term of up to one year amount to KEUR 2,679 (PY: KEUR 2,633), with a remaining term of one to five years amount to KEUR 2,669 (PY: KEUR 2,213) and with a remaining term of more than five years amount to KEUR 776 (PY: KEUR 601). As in the prior year, there were no secured liabilities.

(16) Deferred tax assets and liabilities

Taking account of all differences between the assets and liabilities stated in the financial statements and tax accounts, there is an excess of deferred tax assets over liabilities. The Company did not exercise the option to recognize that excess as a deferred tax asset. Deferred tax assets and liabilities mainly arise from deferred tax assets relating to:

- Land and buildings (in the supplementary tax accounts)
- Participating interests
- Inventories
- Translation of trade receivables denominated in foreign currency
- Other assets
- Provisions for pension obligations
- Other provisions
- Translation of trade payables denominated in foreign currency
- Other liabilities

These calculations were based on a tax rate of 15.00%.

(17) Other financial obligations

The Company has entered into lease contracts for technical equipment and machinery as well as operating and office equipment (including IT hardware and company cars). Moreover, there are lease agreements and other contractual obligations for business premises. In 2024, related administrative expenses of KEUR 1,638 were incurred (PY: KEUR 1,707).

The purpose of these contracts is to finance and procure the fixed assets necessary for business.

The financial commitments under these contracts are as follows:

KEUR

Rental and lease commitments

due 2025	
due 2026 – 2029	1,626
due after 2029	7,863
	12,958

Obligations arising from investment projects in progress	4,102
--	-------

The total amount of financial commitments is KEUR 26,549. No commitments to affiliated companies are included.

Risks can arise from the need to enter into more expensive follow-up contracts on termination of these contracts.

The main benefits that have led to the decision of entering into or retaining these contracts are the Company's avoidance of capital commitments for the procurement of fixed assets necessary for business. Moreover, lease financing avoids any resale risk for the Company while at the same time protecting the current level of technical development in the short term.

(18) Revenue

<u>Revenue by region</u>	<u>KEUR</u> <u>2024</u>	<u>KEUR</u> <u>2023</u>
Countries of the European Union	76,586	86,101
Rest of Europe	31,230	34,777
America	91,176	61,723
Asia	4,727	7,254
	<u>203,719</u>	<u>189,855</u>

<u>Revenue by line of business</u>	<u>KEUR</u> <u>2024</u>	<u>KEUR</u> <u>2023</u>
Amplifier Products (AP)	61,176	88,360
Communication Payloads (CP)	12,542	4,445
Parts Agent (PA)	23,711	32,690
Passive Microwave Products (PP)	17,072	11,690
Lasers Products (LP)	12,755	14,158
Downlink Subsystems (CPD)	7,207	2,138
Development Programs (DEV)	28,158	5,485
Service Excellence (SE)	11,311	11,043
Other	29,787	19,846
	<u>203,719</u>	<u>189,855</u>

Revenue does not include any revenue relating to other periods (PY: KEUR 1,498).

(19) Other operating expenses and income

Other operating income includes prior-year income relating to the reversal of provisions amounting to KEUR 1,139 (PY: KEUR 1,423) and income from the reversal of allowances on receivables amounting to KEUR 47 (PY: KEUR 243). Foreign exchange gains amount to KEUR 7,190 (PY: KEUR 13,846). Other operating income includes income from asset disposals in the amount of KEUR 120 (PY: KEUR 0).

Other operating expenses include foreign exchange losses of KEUR 7,566 (PY: KEUR 10,565). As in the prior year, there were no significant expenses relating to other periods in the financial year.

(20) Interest result

The interest expense on the valuation of provisions for pensions, long-service awards and partial retirement benefits amounts to KEUR 2,207 (PY: KEUR 2,053). Income of KEUR 1,889 (PY: income of KEUR 2,902) from the valuation of securities investments for pension benefits and KEUR 51 (PY: income of KEUR 43) for FASI are reported under interest expenses offset against interest income. Interest income relating to the discounting of provisions amounted to KEUR 552 (PY: KEUR 390). The effect of changes in interest rates are recognized in the interest result.

(21) Income taxes

Taxes on income of KEUR 20 for previous years were incurred (PY: KEUR 162).

(22) Other taxes

Other taxes include an electricity tax refund for 2024 of KEUR 60 (PY: KEUR 59).

(23) Auditor's fee

The fees charged by the auditor break down as follows:

	<u>KEUR</u> <u>2024</u>	<u>KEUR</u> <u>2023</u>
Audit services	106	90
Other services	7	0
Total	<u>113</u>	<u>90</u>

(24) Events after the reporting date

No events or conditions have occurred subsequent to the reporting date that may cast significant doubt on the Company's ability to continue as a going concern or its development.

(25) Average number of employees

	<u>Ø</u> <u>2024</u>	<u>Ø</u> <u>2023</u>
Production	489	472
Development	319	339
Administration	192	160
Sales & Project Management	144	145
Total	<u>1,144</u>	<u>1,116</u>

(26) Net income for the year

In accordance with the Partnership Agreement, the loss of EUR 8,914,057.16 for the financial year is to be deducted from the Capital Accounts II of the partners.

Backnang, March 31, 2025

Tesat-Spacecom GmbH & Co. KG
Tesat-Spacecom Geschäftsführungs GmbH

Ralph Schmid

Rolf Leonhardt

Tesat-Spacecom GmbH & Co. KG,

Backnang

Movements in fixed assets in financial year 2024

	Cost				
	Jan. 1, 2024	Additions	Reclassi- fications	Disposals	Dec. 30, 2024
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Concessions, industrial property rights and assets as well as licenses to such rights and assets acquired for a consideration	8,649,565.28	84,706.75	0.00	15,326.30	8,718,945.73
2. Internally generated trademarks and similar rights and assets	0.00	2,650,341.28	465,562.53	0.00	3,115,903.81
	8,649,565.28	2,735,048.03	465,562.53	15,326.30	11,834,849.54
II. Property, plant and equipment					
1. Land, leasehold rights and buildings, including buildings on third-party land	48,858,453.55	3,905,537.85	16,595,946.51	0.00	69,359,937.91
2. Technical equipment and machinery	63,387,237.03	1,061,636.99	1,079,889.32	883,227.76	64,645,535.58
3. Other equipment, operating and office equipment	115,718,167.89	4,208,624.36	135,000.00	1,170,330.70	118,891,461.55
4. Advance payments and construction in progress	21,587,565.80	3,031,692.64	-18,276,398.36	0.00	6,342,860.08
	249,551,424.27	12,207,491.84	-465,562.53	2,053,558.46	259,239,795.12
III. Financial assets					
1. Investments	491,998.67	0.00	0.00	0.00	491,998.67
2. Securities held as investments	2,108,131.23	0.00	0.00	995,409.38	1,112,721.85
	2,600,129.90	0.00	0.00	995,409.38	1,604,720.52
	260,801,119.45	14,942,539.87	0.00	3,064,294.14	272,679,365.18

Accumulated amortization, depreciation and write-downs				Book value	
Jan. 1, 2024	Amortization, depreciation and write-downs during the financial year	Disposals	Dec. 30, 2024	Dec. 30, 2024	Dec. 31, 2023
EUR	EUR	EUR	EUR	EUR	EUR
8,192,321.28	339,901.75	15,326.30	8,516,896.73	202,049.00	457,244.00
0.00	0.00	0.00	0.00	3,115,903.81	0.00
8,192,321.28	339,901.75	15,326.30	8,516,896.73	3,317,952.81	457,244.00
34,874,366.95	1,293,279.36	0.00	36,167,646.31	33,192,291.60	13,984,086.60
50,552,260.03	2,158,305.31	631,993.76	52,078,571.58	12,566,964.00	12,834,977.00
101,846,440.89	6,301,413.36	1,168,326.70	106,979,527.55	11,911,934.00	13,871,727.00
0.00	0.00	0.00	0.00	6,342,860.08	21,587,565.80
187,273,067.87	9,752,998.03	1,800,320.46	195,225,745.44	64,014,049.68	62,278,356.40
491,998.67	0.00	0.00	491,998.67	0.00	0.00
0.00	0.00	0.00	0.00	1,112,721.85	2,108,131.23
491,998.67	0.00	0.00	491,998.67	1,112,721.85	2,108,131.23
195,957,387.82	10,092,899.78	1,815,646.76	204,234,640.84	68,444,724.34	64,843,731.63

Management report of Tesat-Spacecom GmbH & Co. KG, Backnang, for financial year 2024

1. Company profile

1.1. Business model

Tesat-Spacecom GmbH & Co. KG is owned by the limited partner Airbus Defence and Space GmbH, Ottobrunn, whose shareholders are Airbus SE, Leiden (the Netherlands), and Airbus Helicopters SAS, Marignane (France). The financial statements of the partners, including their fully consolidated subsidiaries, are included in the consolidated financial statements of Airbus SE, Leiden (the Netherlands).

The Company's purpose is to develop, manufacture and sell mechanical, electrotechnical and electronic products, systems and equipment for communications, satellite and space technology and to provide advisory, planning, software and other services in this field.

The business is divided into the following product lines:

- Amplifier Products (AP)
- Communication Payloads (CP)
- Parts Agent (PA)
- Passive Microwave Products (PP)
- Laser Products (LP)
- Downlink Subsystems (CPD)
- Development Programs (DEV)
- Service Excellence (SE)

"Amplifier Products", generating EUR 61.2 million (PY: EUR 88.4 million), and "Developing Programs", generating EUR 28.2 million (PY: EUR 5.5 million), made the most significant contributions to total revenue in 2024.

The main business partners are manufacturers of commercial satellites around the world and institutional customers such as the German Aerospace Center [DLR, Deutsches Zentrum für Luft- und Raumfahrt] in Cologne and the European Space Agency [ESA] in Paris (France).

1.2. Management system

The Company's planning and management is based on IFRS and guided by the performance indicators order intake, revenue, EBIT (earnings before interest, impairment losses on financial assets and tax), operating profit, return on sales (EBIT on revenue in %), cash flows from operating activities after investments (free cash flow according to IFRS) and the number of employees.

The main performance indicators here are order intake, revenue calculated according to IFRS, EBIT calculated according to IFRS as well as cash flows from operating activities after investments calculated according to IFRS (free cash flow) and the number of employees.

Revenue (IFRS) is determined according to IFRS 15, where revenue for long-term production projects with continual transition of control is recognized over time. In contrast to the German Commercial Code [HGB], this essentially means that revenue and related margins are recognized according to the equivalent of stage of completion and therefore earlier.

EBIT as defined above according to IFRS deviates from HGB mainly in the following areas:

- Revenue recognition according to IFRS 15
- Leasing according to IFRS 16
- Measurement of the provision for long-term employee benefits such as pensions, long-service benefits and similar obligations according to a model and parameters (interest rate, etc.) deviating from HGB
- Deviating useful lives for non-current assets
- Deviating measurement routines for inventory

1.3. Research and development

An amount of EUR 53.23 million (PY: EUR 43.07 million) was invested in research and development (including contract-specific development) in 2024. This corresponds to 26.13% of revenue. Research and development expenses included an amount of EUR 9.8 million (PY: approx. EUR 9.0 million) for non-project-related development/research.

The Company employed an average of 283 people (PY: 302) in research and development in 2024.

2. Economic report

2.1. General economic conditions

According to the International Monetary Fund (IMF), the world economy grew moderately by 3.2 % in 2024.¹ Despite successfully curbing inflation, structural challenges remain, such as aging populations, weak investment spending and low productivity growth. These factors could impede long-term economic growth.

Development in the key economies

United States

The US economy grew by 2.7% in 2024, which was driven by robust consumer spending and a strong labor market. For 2025, slower growth of 2.1 % is expected as fiscal consolidation measures gain traction.²

Euro area

The euro area reported low GDP growth of 0.8% in 2024. High energy prices and weak industrial production weighed on the economy. Slight recovery with growth of 1.3% is forecast for 2025.³

¹ International Monetary Fund (IMF), World Economic Outlook, October 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>

² German Council of Economic Experts, "AUF SCHWUNG BLEIBT TROTZ BESSERER WELTKONJUNKTUR AUS" (Upturn fails to materialize despite improved global economy) https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202425/JG202425_Kapitel_1.pdf

³ European Commission, "Herbstprognose 2024: Allmähliche Erholung unter widrigen Bedingungen" (Autumn 2024 Economic Forecast: A gradual rebound in an adverse environment): https://ec.europa.eu/commission/presscorner/api/files/document/print/de/ip_24_5787/IP_24_5787_EN.pdf

Policy measures and economic prospects in Germany

The German government is planning targeted funding programs in order to strengthen the manufacturing industry. These especially include investments in digitalization⁴, AI-supported production technologies⁵ and sustainability initiatives⁶. Moreover, the burden on companies is to be eased through tax relief and subsidies for energy-efficient production methods. The German government announced that it will create further incentives to attract new industrial projects in Germany⁷.

Industry can seize opportunities over the medium term despite the current challenges. The trend towards sustainable and resource-efficient production, the growing demand for climate-friendly industrial goods and possible economic recovery starting from 2025 could provide the German industry with new momentum. Experts assume that investments in the circular economy, renewable energies and innovative manufacturing technologies in particular can secure the German industry's long-term competitiveness.⁸

Monetary policy and financing conditions

The European Central Bank (ECB) started to tentatively relax monetary policy in 2024 after inflation rose to 2.3%. Interest rates were incrementally reduced in order to support the economy.⁹

Commodity markets and external influences

Commodity prices remained volatile in 2024. Whereas oil prices rose due to geopolitical tensions¹⁰, the prices for industrial metals declined on account of abating global demand.¹¹

Risks and outlook

Considerable risks remain despite anticipated recovery. Geopolitical tensions, especially in the Middle East, could further drive up energy prices. Moreover, protectionist tendencies and trade disputes could strain global growth.¹²

⁴ Bundesministerium für Wirtschaft und Klimaschutz, Entwicklung digitaler Technologien (German Federal Ministry for Economic Affairs and Climate Action, Development of digital technologies): <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMWi/entwicklung-digitaler-technologien.html>

⁵ Bundesministerium für Bildung und Forschung (German Federal Ministry of Education and Research): https://www.bmbf.de/DE/Forschung/Zukunftstechnologien/KuenstlicheIntelligenz/kuenstlicheintelligenz_node.html

⁶ German federal government: https://www.esf.de/portal/DE/ESF-Plus-2021-2027/Foerderprogramme/bmwk/nachhaltig_wirken.html

⁷ Welt, "EU genehmigt milliardenschwere Förderung für neue Chipfabrik" (EU approves funding worth billions for a new chip factory): <https://www.welt.de/wirtschaft/article253095714/TSMC-Chipfabrik-in-Dresden-EU-genehmigt-milliardenschwere-Foerderung.html>

⁸ https://de.wikipedia.org/wiki/Erneuerbare_Energien#cite_note-117

⁹ Welt, "EZB senkt erneut Zinsen im Euroraum" (ECB reduces interest rates in the euro area once again): <https://www.welt.de/wirtschaft/article254852870/Entscheidung-in-Frankfurt-EZB-senkt-erneut-Zinsen-im-Euroraum.html>

¹⁰ LBBW, "Rohstoffe 2025: Unsicherheit an vielen Märkten" (Commodities in 2025: Uncertainty in many markets): [20241204-lbbw-research-commodities_quarterly_ajaxcs7bh8_m\(2\).pdf](https://www.lbbw.com/Research/Commodities/20241204-lbbw-research-commodities_quarterly_ajaxcs7bh8_m(2).pdf)

¹¹ Ministerium für Wirtschaft, Industrie, Klimaschutz und Energie des Landes Nordrhein-Westfalen (Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia), "Kurzfristige Perspektiven ausgewählter Rohstoffpreisentwicklungen – ein Update" (Current perspectives concerning selected commodity prices development – an update): [pb_kurzfristige-perspektiven-ausgewaelter-rohstoffpreisentwicklungen-ein-update_neu_vs4.pdf](https://www.mwknw.de/SharedDocs/Publikationen/DE/202409/pb_kurzfristige-perspektiven-ausgewaelter-rohstoffpreisentwicklungen-ein-update_neu_vs4.pdf)

¹² Allianz, "Ausblick 2025: Neue Wege zur Diversifizierung" (Outlook for 2025: New paths towards diversification): <https://ch.allianzgi.com/de-ch/de-maerkte-und-themen/marktkommentare/ausblick-2025>

Bottom line: Whereas the world economy was on a moderate growth trajectory in 2024, Germany's development remains uncertain. A range of scenarios indicate possible stagnation or slow recovery. Monetary policy and fiscal measures will be decisive for stabilizing the economy.

2.2. Industry environment

The global satellite industry established itself as a key growth area within aerospace in 2024. With the rising importance of satellites for communications, earth observation, navigation and defense, the number of launches and investments in new technologies is rising. This report provides a comprehensive overview of the current market developments and analyzes forecasts for the coming years.

The satellite industry is in a phase of rapid growth, characterized by technological progress, rising commercial investment spending and strategic government programs. The demand for satellite-based communications and earth observation services in particular will continue to rise in the coming years. Simultaneously, regulatory, security and infrastructural challenges will remain central topics that the industry must address. The future promises progressive transformation that will permanently change our understanding and use of space.

Key GEO satellite manufacturers

- Boeing (U.S.)
- Lockheed Martin (U.S.)
- Northrop Grumman (U.S.)
- Maxar Technologies (U.S.)
- MDA (Canada)
- Airbus Defence & Space (Europe)
- Thales Alenia Space (Europe)
- OHB (Europe)
- IAI (Israel)
- Mitsubishi Electric (Japan)
- Swissto12 (Europe)
- Astranis (U.S.)
- CAST (China)

Except for CAST (China), these companies rank among TESAT's main customers.

In 2024, Airbus (40%), MDA (26%) and OHN (18%) in particular accounted for the largest share of order intake.

TESAT's product portfolio addresses all of the above-mentioned use cases (NGSO constellations; GEO satellites, both "classic" and flexible/"software-defined").

Irrespective of use cases, the core business remains communication in and between the various orbits (GEO/LEO/MEO) and to/from Earth with "classic" RF products of the AP and PP product lines and the growth market of optical communication of the LP segments, as well as integrated systems for communications (small payloads, multi-port amplifiers; TT&C systems, etc.), navigation (including the payload for Galileo) and earth observation (data downlink systems).

The market position continues to be supplemented by supplies of other satellite or equipment manufacturers by EEE Parts Agency and, to a very minor extent, contract manufacturing.

By continuing to actively shape the transformation of the product portfolio from TWTAs/MPMs (tube-based amplifiers) to semiconductor technology-based SSPAs (solid state power amplifiers) as well as by expanding the portfolio for laser communication terminals (LCTs), TESAT is contributing to the industry's transition to constellations, flexible and small GEO satellites and to the general trend to connectivity between the different orbits of satellites (multi-orbit connectivity).

In the prevailing highly competitive market environment for telecom satellites, TESAT was able to maintain its market share in its equipment (active and passive products) business (TAS with in-house production for active products) especially in North America and to expand business with

the Airbus customer, in particular through an additional contract for new Quad MPMs (OneSat Ka band).

In the area of optical satellite communications (laser communications), our leading market position was further expanded by winning the largest contract awarded worldwide to date for Telesat Lightspeed constellation by MDA, the SDA T2 tracking layer (Sierra Space) and the Hydron demo (ESA and Kepler Communications).

After order intake in the first two quarters that fell short of expectations, especially due to the postponement of Airbus's SatCom BW3 order, the targets were exceeded by far, in particular on account of the very strong second half of the year (EUR 330.97 million in order intake).

The orders from MDA for laser terminals (EUR 113 million), for active and passive equipment and laser terminals (OneSat Ka Band Quad MPMs, SSPAs, Passive and TTC, SCOT135) from Airbus totaling EUR 193 million and the payload contract with OHB for Sparrow/Geocom (EUR 78.6 million) contributed in particular to record revenue totaling EUR 542 million.

We were able to win the following new customers in 2024:

- MBDA France
- Planetek
- Satric-I
- Sierra Space
- Tesat Government

The Parts Agency was able to win the following new customers:

- VITAL Electronics Ltd.
- Astroscale Japan Inc.
- ID Quantique SA
- KU Leuven - Institute for Theoretical Physics
- Microtec High-Rel Electronics
- NanoTRONIC AG

Other important successes were:

- Hydron Demo -Skylight - PFM contract with ESA (EUR 30.8 million)
- MCS (Mini Communication Satellites) Assembly contract with Israel Aerospace Industries (EUR 19 million)
- SDA T2 Tracking Layer contract with Sierra Space (EUR 15.3 million)
- CO2M FM3 Harmony Downlink System contract with OHB (EUR 9.6 million)
- LM - GPSIII - Follow on contract for MPMs with Lockheed Martin (EUR 8.2 million)

Customers around the world continued to be extremely interested in the laser communication terminals (LCTs) for constellations and multi-orbit connectivity.

Due to delivery problems experienced by competitors for laser communication terminals in conjunction with the SDA program, TESAT was asked by several companies whether it would be possible to deliver the SCOT80 at short notice. Only offers with longer delivery times could be made, as the existing contracts utilized the available capacity in 2024. These could not be currently accepted, but TESAT is still in talks should there prove to be no alternatives for the customers.

TESAT's transformation also continued in 2024 in the five areas of expertise:

- System technology for communications networks, carrying capacity and parts systems (ADLER)/OHB (SPARROW)/TT&C = EUR 235 million in order intake
- Multi-orbit connectivity based on laser technology
MDA/Sierra Space/NG/LM = OI EUR 182 million
- Radio access data routing systems, switching & 5/6G integration
Ethernet antenna/multi-purpose processors = OI EUR 13 million
- Amplifiers, passive equipment, modules (radar & antenna applications)
ONESAT / GPSIII / ALYAH4&5 /SDA-T2SSPA / MAXAR = OI EUR 120 million
- Laser applications, QKD, positioning, time & distance measurement
EAGLE 1, SAGA, QTRIP (DLR QKD) = EUR 4.8 million ext. funding order intake

were successfully continued and both order intake-relevant (OI) contracts as well as external R&D funding acquired.

In the systems business, TESAT positioned itself as supplier for the payload for OHB's GEOCOM satellite as part of the German Armed Forces' SATCOM Bw Stage 3 project.

In the area of contract manufacturing and contract development, expectations had to be revised downwards due to the budget cuts for the Jet Propulsion Laboratory (JPL) at the end of 2023 and ultimately taken out of operational planning in 2024. The orders from IAI in Israel amounting to EUR 3.95 million could not fully compensate for this.

The Parts Agency's business achieved a satisfactory level despite the expected price increases and bottlenecks for EEE components.

The German regulations on export control and on financing of export business had an impact on the business development in some cases in 2024 as well. All business with Russia was ceased on account of the war in Ukraine. Exports to China and Turkey continue to be affected by the restrictive political framework conditions of the German federal government, which has led to an increased number of export license rejections and, thus, risks that continue to be difficult to calculate.

2.3. Business performance

The Company generated revenue of EUR 203.7 million in the financial year (PY: EUR 189.9 million). The lion's share of revenue was generated with customers in the USA, the Netherlands and Germany.

The order intake (HGB) of EUR 531.3 million was approx. EUR 180.0 million higher than in the prior year (EUR 351.3 million). Significant order intake in this regard was mainly from customers based in Germany, Canada and the UK.

The order volume increased year on year and amounted to EUR 1,083.7 million as of December 31, 2024 (PY: EUR 755.9 million). This represents a forward order book covering a period of approx. 3 years.

The financial year 2024 was influenced by only 7 commissioned geostationary telecommunication satellites, the lowest number since 1994. This was offset by OHB's order for the entire payload and a large proportion of the payload equipment from Airbus for the SatCom BW3 program (EUR 237 million in total) and MDA's order for the optical communication terminals for the Telesat Lightspeed constellation (EUR 113 million).

2024 was a successful year for TESAT:

- 18 rockets were successfully launched globally with TESAT equipment on board
- 71 new contracts were won
- 346 active equipment and 616 passive modules were produced
- Record order intake of EUR 542 million was achieved
- 400 orders for the Parts Agency
- 750 units delivered

- 200 active products (MPM, TWTA, SSPA, EPC), 487 passive products (MUXE, OMUXE, switches), 56 laser products (SCOT80, CubeLCT) and 7 sub-systems delivered
- More than 677,000 EEE parts supplied

2.4. Company's position

2.4.1. Financial performance

The Company reported earnings before tax (EBT) of EUR -8.9 million in the financial year (PY: EUR 4.3 million). Revenue rose to EUR 203.7 million (PY: EUR 189.9 million). The year-on-year increase in revenue to EUR 203.7 million was largely due to the scheduled execution of long-running projects. The delivery of several very highly-priced products led to revenue being up over the prior year. The increase in inventories amounted to EUR 52.7 million (PY: EUR 47.8 million). The cost of materials totaled EUR 127.6 million (PY: EUR 102.1 million). Personnel expenses amounted to EUR 125.7 million and, thus, were EUR 9.1 million up over the prior year.

Other operating income increased year on year by EUR 6.0 million to EUR 35.7 million (PY: EUR 29.7 million). The increase in other operating income was largely due to the EUR 12.3 million rise in subsidies. This was contrasted by the EUR 4.0 million decline in gains from forward exchange transactions and the EUR 3.0 million decline in currency and exchange rate gains for liabilities to third parties.

The cost of materials ratio (cost of materials relative to revenue plus change in inventories) amounted to 49.7% (PY: 43.0%). The cost of materials increased year on year by approx. 25.0% from EUR 102.1 million to EUR 127.6 million. The higher cost of materials ratio was due to the changed/expanded product portfolio with higher-value purchased parts, time-schedule delays and missing outflow, as well as an increase in the share of external labor and price rises. This was contrasted by the increase in own work capitalized.

Personnel expenses for wages and salaries increased by EUR 7.0 million and expenses for social security, pension and other benefits by EUR 2.0 million. Personnel expenses amounted to EUR 125.7 million in 2024 (PY: EUR 116.6 million). The increase in personnel expenses was mainly due to collectively agreed one-off payments to employees due to increased energy prices as well as the rise in headcount during the reporting period.

Other operating expenses of EUR 43.3 million increased over the prior year (PY: EUR 37.9 million).

The increase in other operating expenses was mainly due to higher maintenance costs (+ EUR 2.8 million), additional expenses for contractual penalties as a result of late deliveries (+ EUR 2.6 million) and higher management fees (+ EUR 1.8 million). This was contrasted by the losses from forward exchange contracts, which declined by EUR 3.0 million.

Interest and similar expenses of EUR 0.2 million rose slightly year on year (PY: EUR 0.1 million). The interest expenses of the provisions were netted due to the income from the security deposit.

Other interest and similar income decreased by EUR 0.8 million to EUR 2.7 million. This decrease was mainly due to the valuation of the accumulation account in conjunction with the company pension scheme. Due to the offsetting requirement under Section 246 (2) HGB, the interest expenses of the corresponding provision for pensions, long-service awards and partial retirement benefits are offset in the amount of EUR 1.9 million.

Despite the rise in revenue, EBIT amounting to EUR -11.4 million was significantly below prior year's figure of EUR 1.1 million on account of higher cost of materials, the increase in salaries and other expenses.

The return on sales (EBIT relative to revenue) was -5.6% (PY: 0.6%).

Operating profit (EBIT plus shareholder fees in relation to revenue) amounted to -1.7% (PY: 3.5%).

The average return on equity (earnings after tax in relation to average equity for the financial year) was approximately -33.1% in the financial year (PY: 12.3%).

The return on sales (earnings before tax in relation to revenue) was -4.4% (PY: 2.4%).

Income statement

	<u>2024</u>	<u>2023</u>
Revenue	EUR 203.7 million	EUR 189.9 million
Operating earnings (EBIT)	EUR -11.4 million	EUR 1.1 million
Financial result	EUR 2.6 million	EUR 3.4 million
Earnings before tax	EUR -8.8 million	EUR 4.5 million
Taxes	EUR -0.02 million	EUR -0.2 million
Net income/loss for the year	EUR -8.9 million	EUR 4.3 million

2.4.2. Financial position

Tesat-Spacecom GmbH & Co. KG is integrated into the centralized cash management of Airbus SE (hereinafter referred to as "Airbus"). Cash and cash equivalents are transferred to Airbus and held by the latter in clearing accounts. Airbus extends credit in the amount of negative cash balances, should the need arise.

Cash and cash equivalents amounted to EUR 92.2 million (PY: EUR 87.3 million). This figure comprises cash at bank and in hand and receivables from cash pooling with Airbus.

Cash flows from operating activities amounted to EUR 24.1 million (PY: EUR 9.3 million) and cash flows from investing activities to EUR -14.9 million (PY: EUR -25.8 million). Free cash flow according to the German Commercial Code [HGB] amounted to EUR 9.2 million (PY: EUR -16.5 million).

Cash flows from operating activities

Cash and cash equivalents 2023	EUR 87.3 million
Cash and cash equivalents 2024	EUR 92.2 million
Change	EUR 4.9 million
Net capital expenditure (capex) 2024	EUR 14.9 million
Distribution 2024	EUR 4.3 million
Cash flows from operating activities after capex	EUR 24.1 million

Liquidity was ensured at all times during the reporting year.

2.4.3. Assets and liabilities

In the reporting year, total assets of EUR 217.6 million were approx. EUR 19.5 million below the prior year's level (EUR 237.1 million). The decline on the assets side was mainly due to the EUR 28.2 million decrease in inventories that, however, was exclusively attributable to higher advance payments received; the inventories rose over the course of the financial year. This was contrasted by the EUR 4.6 million increase in intangible assets and property, plant and equipment. Under equity and liabilities, there was a decline in equity of EUR 13.2 million, a decrease in trade payables (including affiliated companies) of EUR 10.5 million and a rise in provisions of EUR 3.4 million.

Investments in intangible assets and property, plant and equipment amounted to EUR 14.9 million in the financial year (PY: EUR 25.8 million). These additions to fixed assets included capital spending on land and buildings amounting to EUR 3.9 million, due to the partly capitalized new building and capitalization of technical equipment and machinery in the amount of EUR 1.0 million as well as capitalization of other equipment totaling EUR 4.2 million. This contrasted with asset disposals of EUR 1.8 million. Additions to internally generated intangible assets totaled EUR 2.7 million and were due to investments in the ICOT (InterConnectivity Optical Terminal) and assets under construction in property, plant and equipment amounting to EUR 3.0 million, which resulted mainly from the acquisition of equipment for the SMD product line that is scheduled for series production and had not yet been finally capitalized at year-end. The carrying amount of inventories amounted to EUR 31.5 million, which is below the prior year's level of EUR 59.6 million. This decline was attributable especially to the EUR 107.6 million increase in advance payments received. Whereas raw materials and supplies rose by EUR 2.5 million, work in progress increased by EUR 53.7 million, finished goods and merchandise by EUR 7.2 million and advance payments made by EUR 16.1 million, the significant increase in advance payments received led to a corresponding reduction in total inventories. The increase in raw materials, supplies and work in progress was due to the rise in the order backlog and the switch from project-related production to product production and the associated aggregation of precursor parts. The increase in finished goods and merchandise was due to several projects no longer being signed off and revenue being recognized in 2024.

In response to the general shortage of materials, the Group already gave the green light in 2022 for the procurement of additional materials. In 2024, Tesat-specific materials and parts required for ongoing projects and ramped-up production were procured in order to avoid delays in projects. Due to the changeover from account-based production to anonymous prefabrication without reference to the project, the inventory of work in progress increased compared to the prior year. Inventories of finished goods increased due to slight project delays, delayed order intake and the receipt of goods for new long-term projects. Refer additionally to cost of materials.

Trade receivables (including affiliated companies) amounted to EUR 14.2 million and, thus, decreased year on year by EUR 0.3 million in 2024 (PY: EUR 14.5 million). Financial receivables rose by EUR 4.9 million to EUR 92.2 million.

The equity ratio was 9.3% as of December 31, 2024 (PY: 14.1%). The equity ratio was affected by the net loss for the year of EUR 8.9 million and the distribution of EUR 4.3 million. Equity amounted to EUR 20.3 million as of December 31, 2024.

Pension provisions amounted to EUR 143.2 million (PY: EUR 143.3 million). EUR 1.8 million was reclassified as non-current liabilities. This reclassification was due to the addition to and utilization of provisions, whereby a portion of the obligations originally recognized as non-current provisioning have now been classified as non-current liabilities. Since 2018, EUR 24.9 million has been transferred to an escrow account for the external financing of obligations from the accumulation account in conjunction with the company pension scheme. The fair value of the obligation amounted to EUR 29.4 million as of December 31, 2024 (PY: EUR 25.7 million).

As in the prior year, no provision for trade tax was necessary in the financial year.

The level of other provisions rose year on year by EUR 3.6 million to EUR 25.2 million (PY: EUR 21.6 million). This was driven mainly by the increase in the provision concerning sales in the amount of EUR 4.3 million, which was recognized on account of delays in delivery. The remaining changes result from personnel and other provisions.

Current provisions relate in particular to contingent liabilities for personnel and current sales-related risks.

Liabilities amounted to EUR 28.9 million at year-end (PY: EUR 38.7 million). For the most part, these concern trade payables to third parties of EUR 21.1 million.

Lease expenses of EUR 1.0 million were incurred in the financial year for buildings rented long term.

2.4.4. Overall assessment

Overall, management considers the financial year to have been a satisfactory year, even though the one-offs in a major system project, delays in development projects and ramp-up costs for new products had a considerable negative impact on earnings. This was offset by very positive order intake and improved liquidity.

2.5. Financial and non-financial performance indicators

2.5.1. Financial performance indicators

Order intake (IFRS) amounted to EUR 531.3 million as of December 31, 2024 (PY: EUR 351.3 million), which is well above target.

It was possible to keep revenue (IFRS) totaling EUR 280.4 million (PY: EUR 255.5 million) in a stable range in 2024 – this was above the prior year, but fell short of the budget for 2024. This was due to capacity bottlenecks and delays in development projects. EBIT (IFRS) in the amount of EUR 3.8 million (PY: EUR 5.6 million), after taking shareholder fees into account, decreased year on year and remained overall at a rather low level overall and thus clearly below budget. The reasons for this included one-offs in a major system project, delays in development projects and ramp-up costs for new products. Especially the business with laser terminals highlights the shift from project to product business. Tesat also continued to be burdened by strong inflation. Free cash flow (IFRS) was positive at EUR 12.5 million (PY: EUR -15.0 million) and was up over the prior year's level, but below budget. Thus, the high level of location investments made in the prior year in preparation for the upcoming new constellation orders in Low Earth Orbit have been largely completed.

Revenue calculated according to HGB amounted to EUR 203.7 million in 2024. The main difference between the two financial reporting standards results from applying IFRS 15 "Revenue from Contracts with Customers" and the percentage of completion (PoC) method contained therein. Under IFRS 15, revenue from long-term contracts is recognized pro rata according to the stage of completion, whereas revenue according to HGB is generally only recognized upon completion and acceptance.

The budget figures for order intake were exceeded. Budgeted sales revenue was not achieved due to the aforementioned issues. EBIT according to IFRS (in absolute terms) of EUR 3.8 million is below budget. The difference of EUR -11.4 million compared to the EBIT calculated according to HGB is mainly due to different accounting and valuation methods. A significant influencing factor is the overall lower provisions recognized under IFRS, in particular pension provisions, which were lower due to different valuation methods and interest rates. There is also a significant difference from the application of IFRS 16, according to which leases are accounted for as right-of-use assets, which leads to higher depreciation and additional interest expenses. The application of IFRS 15 also contributes to this deviation, as revenue from long-term projects is

already recognized on a pro rata basis according to the percentage of completion method (PoC), whereas according to HGB revenue is recognized at a later date.

2.5.2. Non-financial performance indicators

Employees

The average number of own operational staff rose from 1,095 to 1,127 and was therefore in line with the budget. The number of temporary workers was 23 (PY: 18) in the financial year.

Thus, the number of operational staff amounted to 1,146 as of December 31, 2024, and was above prior year's level (1,106).

In addition, the Company also has 50 trainees.

Employee turnover for own staff is in the region of approx. 1.5%.

3. Forecast, opportunities and risks

3.1. Forecast

After evaluating very different forecasts projected by third parties as well as evaluating customer information, the Company continues to expect the commissioning of approx. 12 civilian GEO telecommunication satellites worldwide in 2025. On average, 14 commercial telecommunication satellites are expected annually in the period until 2032.

For 2025, Tesat anticipates stable order intake of approx. EUR 252 million in line with operational planning. We estimate that the earnings situation will be positive due to the volume effect from the high order backlog, improvement measures gaining traction and high capacity utilization. A double-digit increase in EBIT (IFRS) is expected for 2025. This is partly due to further positive signals from the market and partly due to the fact that the order backlog is very high and should lead to steady, profitable revenue. Furthermore, the intention is to continue with cost-cutting measures and efficiency programs also in 2026.

The investment volume in 2025 will no longer be as high as in 2024. Due to the handling of delayed projects and the inventory built up for availability and price stability, we expect a slight overall reduction in component inventories despite the expected high orders. Therefore, among other reasons, we expect positive free cash flow in 2025, which is likely to be in the double-digit percentage range above the prior year's level. The expected increase in the employment situation necessitates a moderate rise in headcount in 2025. However, the current efficiency programs should enable us to largely manage the year with the existing number of staff.

In summary, due to the still tense general economic situation, the Company's position is currently cautiously considered as being positive. The importance of (European) aerospace is a given. However, there are also global risks running counter to this.

3.2. Opportunities

Opportunities for positive business performance mainly include:

- A further order for the latest generation of tube amplifiers (Quad MPM) for software-defined GEO satellites, as well as traditional tube amplifiers for small GEO (Small GEO) and large GEO satellites. (probability of occurrence > 50%)
- Possible commissioning of laser communication terminals for tranches of the Space Development Agency's SDA tranches (SDA T3) and other US government programs (P programs), as well as participation in the Hydron and IRIS2 programs of the ESA/EU (probability of occurrence approx. 50%).
- Commissioning of systems and sub-systems for earth observation science and navigation programs, ESA and the German government (PAZ 2; Optsat; Optstar; SARaH rebuild) (probability of occurrence > 50%).

The operational planning for financial year 2025, including the determination of the expected order intake, is based on materialization of the aforementioned opportunities in consideration of the stated probabilities.

3.3. Risks

The political crisis involving the Russia-Ukraine conflict continues to pose a risk for future economic development. The Russian invasion of Ukraine has heightened tensions in the East-West conflict and, thus, the associated risks concerning energy supply and prices. As the further development of the conflict is uncertain at present, forecasts regarding the impact of the conflict are currently very difficult to make. However, we do not expect the impact on us to be above average and continue to assess the risk as moderate.

The aforementioned risk, in combination with supply bottlenecks, can materialize in the form of higher costs.

Geopolitical risks arise from increasing differences between China, the United States and Europe extending well beyond trade policy issues. Tensions between the EU and China have also increased recently. Finally, confrontation with the United States following the presidential election with the announcement of punitive tariffs and an "America First" policy are perceived to entail risks that are currently difficult to predict. Depending on the level of tariffs, order intake could decline, especially in commercial programs. As of today, the risk is considered to be low to moderate.

The operational planning for 2025 (order intake of EUR 252 million) is based on the materialization of the opportunities with the aforementioned probabilities.

Other risks that are also considered to be moderate may arise from:

- A deterioration in the competitive position due to the relative strength of the euro (probability of occurrence approx. 30%)
- In-orbit failures or issues in the Amplifier product line and laser products, and the related loss in trust, which could negatively impact new business (probability of occurrence approx. 10%)
- The effects of possible supply and quality issues with single-source and/or key suppliers, especially in the area of electronic components. Second and third source suppliers have been established in recent years to reduce this risk. Nevertheless, overall delivery times still remain very long, and the quality and the supply performance of suppliers is inconsistent (probability of occurrence approx. 30%)
- Possible further intensification of national export restrictions (probability of occurrence approx. 30%)
- A further persistent price pressure due to price competition at prime level intensified by new competitors (e.g. MDA, Swissto12, IAI or Astranis), (probability approx. 50%)
- Reduced support by DLR and ESA on account of budget restrictions and the related decline in development activities (probability of occurrence of 20%)
- High uncertainty in the business models of satellite operators due to new competitors such as SpaceX (Starlink) and Amazon (Kuiper) with aggressive pricing models and the resulting delay in the commissioning of satellites (probability of occurrence > 30%)
- A rising number of competitors especially in the SSPA and Lasercom market and thus the related price pressure and loss of market share(probability of occurrence of 12%)
- Delays in orders for GEO Telecom Satellites RF (Amplifier und Passive) Equipment due to the lifetime extensions of existing GEO Telecom Satellites (probability of occurrence of 10%)

- IT-related risks (cyber-risk) such as violating the "need to know" principle, inadequate processes (probability of occurrence of 10%)

In summary, the Company's risk position is considered to be moderate.

4. Risk reporting for financial instruments

Derivative financial instruments are used to hedge foreign currency risks arising from customer and supplier orders.

The Company hedges all relevant contracts concluded in foreign currency on the order intake side.

Expenses are hedged using global rolling hedges.

Hedging contracts amounted to USD 130.5 million on the revenue side as of December 31, 2024 (PY: USD 147.7 million).

Purchase transactions totaled USD 53.5 million (PY: USD 52.9 million).

All forward exchange contracts are processed via Airbus's corporate Treasury. Currency exposure is regularly reported to Airbus Treasury.

5. Risk management

An extensive internal control/risk management system aimed at identifying, measuring and minimizing risks at an early stage is in place in compliance with group-wide enterprise risk management. Project-related and non-project-related risks are monitored for operational purposes and reported at regular intervals to management.

Contractually agreed-upon payment flows denominated in foreign currency are hedged using forward exchange contracts. These are based on order intake that is individually hedged based on payment milestones or target figures for cumulative accounts payable payments for the financial year. As a general rule, the latter are globally hedged two times per year.

Backnang, March 31, 2025

Tesat-Spacecom GmbH & Co. KG
Tesat-Spacecom Geschäftsführungs GmbH

Ralph Schmid

Rolf Leonhardt

Independent Auditor's Report

To Tesat-Spacecom GmbH & Co. KG, Backnang

Opinions

We have audited the annual financial statements of Tesat-Spacecom GmbH & Co. KG, Backnang, which comprise the balance sheet as of December 31, 2024, and the income statement for the financial year from January 1 to December 31, 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Tesat-Spacecom GmbH & Co. KG for the financial year from January 1 to December 31, 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and commercial partnerships as defined by Section 264a HGB [Handelsgesetzbuch: German Commercial Code], and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and commercial partnerships as defined by Section 264a HGB, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, April 25, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Wildermuth
Wirtschaftsprüfer
[German Public Auditor]

Ruhbaum
Wirtschaftsprüferin
[German Public Auditor]