

IMPORTANT: Please note that this name is early growth stage compared to other companies in the convertible market. The company is a few years away from profitability and will incur significant capex but its TAM and business opportunity for longer term early-growth stage type of investors is attractive and appealing.

Business Description: A Large Market for Satellite Communication

AST SpaceMobile is designing and developing a constellation of BlueBird (BB) satellites in Low Earth Orbit (LEO) to create a space-based Cellular Broadband network capable of providing connectivity directly to standard, unmodified mobile devices at broadband speeds. ASTS's service is intended to be offered through wholesale commercial agreements with mobile network operators (MNO). The company operates a significant satellite assembly, integration and testing facility in Texas with a diverse intellectual property portfolio and a substantial number of patents and patent pending claims worldwide.

Here's a Company video that I found informative. Of course it is a bit promotional. But still a good overview of the business.

<https://youtu.be/GO9-SBCq8oY?si=n92-K1z5lBwxBeT3>

Key Benefits of ASTS Satellite based Services

- Direct connectivity to existing smartphones (2G/4G-LTE/5G) without needing new equipment.
- Extended cellular broadband coverage in areas lacking terrestrial infrastructure, aiming for near 100% geographical coverage. MNOs can augment and extend their coverage without building towers or other land-based infrastructure, especially in areas where it is not cost-justified or geographically challenging
- Enables Mobile Network Operators (MNOs) to expand coverage cost-effectively and potentially increase revenue. ASTS plans a super-wholesale revenue share model with MNOs.
- Offers a potentially competitive cost for delivering wireless services in remote areas.
- Can provide disaster recovery and emergency use when terrestrial networks are down (natural disasters etc).
- Potential for government applications, with agreements in place for testing services. A subsidiary secured a \$43.0 million contract with the Space Development Agency for testing using Block 2 BB satellites.
- Designed for high-speed Cellular Broadband with low latency due to LEO satellites. Block 2 BB satellites are planned to support up to 120 Mbps peak data rates.
- Targets a large addressable market of unconnected users and those with coverage gaps.
- Potential for uplink/downlink for cellular compatible IoT devices in poorly connected areas.

Large TAM Affords Significant Revenue Growth Opportunity

- The global wireless services market is estimated to be \$1.1 Trillion
- As of 2025 according to GSMA Intelligence there are ~7.2 billion active mobile devices worldwide
- Around ~90% of Earth's surface lacks cellular coverage.
- 42% of the global population is without cellular broadband (around 3.4 billion people)
- AT&T Mobility has ~118 million subscribers and Verizon ~146 million subscribers which offers ASTS a large existing consumer base that can be targeted to sign up for add on services through the MNO.
- AST SpaceMobile's strategy is to address this TAM by offering its SpaceMobile Service as a wholesale service to Mobile Network Operators (MNOs). The company believes this model will allow MNOs to easily offer extended coverage to their existing subscribers, potentially driving new revenue and reducing churn. Users are expected to be able to access the service through options like a Day Pass or a Monthly Add-on Subscription to their existing cellular plan.
- IoT / Connected devices are expected to continue to grow including connected vehicles. This provides a significant target opportunity as well.
- Estimated demand for satellite direct-to-device communications is estimated to grow to \$67 billion in 8 years.
- Competitors in the Direct to Device Space include SpaceX's Starlink and Apple via Globalstar.

Key Technology Milestones

- Validation of satellite to cellular architecture
- Two-way 5G voice calls directly to standard unmodified smartphones
- Successful download speeds of above 21 Mbps to standard unmodified smartphones
- ASTS launched five first-generation commercial BB satellites in September 2024
- Successfully made the first SpaceMobile video call from space with Vodafone using standard unmodified 4G/5G smartphones in January 2025
- Tests were completed with voice and video calls on standard unmodified smartphones with AT&T and Verizon in the U.S. in February 2025
- ASTS is developing the next generation of commercial BB satellites, "Block 2 BB satellites," which are significantly larger and expected to have much higher capabilities
- AST SpaceMobile has designed and developed their own Application Specific Integrated Circuit (ASIC) chip, which will support significantly higher data rates

AST SpaceMobile's Commercial Tie-ups

- Vodafone: definitive long-term commercial agreement through 2034. This agreement establishes a framework for Vodafone to offer space-based cellular broadband connectivity in its home markets and to other operators via its Partner Markets program.
- American Tower: Amended and Restated Letter Agreement for AST SpaceMobile to use American Tower facilities for their terrestrial gateway facilities in certain markets.
- Rakuten: commercial agreement with Rakuten for the development of exclusive network capabilities in Japan compatible with Rakuten's mobile network.
- AT&T: entered into a definitive commercial agreement through 2030 (subject to auto-renewal) under which AT&T will purchase access to and utilise AST SpaceMobile's network and satellite services to provide service offerings to AT&T's end users within the continental United States (excluding Alaska) and Hawaii. AT&T will pay AST LLC a percentage of the gross monthly revenue AT&T bills to its end users for the services enabled by satellite.
- Verizon: entered into a Memorandum of Understanding. Definitive commercial agreement being worked on.
- U.S. Government Prime Contractors: agreements with prime contractors for the U.S. government to perform certain tasks on their BW3 test satellite and Block 1 BB satellites. Once these applications are qualified, the company aims to provide certain non-communication and communication services through their satellites to the U.S. government.
- Space Development Agency (SDA): selected by the SDA for an Other Transaction agreement to compete for upcoming prototype demonstration projects.
- AST SpaceMobile also has approximately 50 preliminary agreements and understandings with other MNOs, which would need to be superseded by definitive commercial agreements before the SpaceMobile Service can be offered in those markets.

ASTS 4.25% Convert: A Defensive and Attractive Way to Invest in ASTS's Growth

The 4.25% convert is a solidly attractive instrument for investors seeking longer term exposure to the high TAM direct to cell satellite space. The recent weakness in the markets provides an entry point to investors given ASTS's stock decline. The convert traded as high as ~154 in early March 2025. It is the only piece of debt on the balance sheet

- The convert has a balanced profile with a yield to maturity of 1.54%, current yield of 3.62%, low premium of 36% and high 79% delta
- 6.9 years to maturity gives investors ample time to participate in the growth cycle
- PC threshold still +51% from current stock levels and PC date starts only on 3/6/29

Size (\$mn)	Cpn (%)	Years to Maturity	Convert Price	Stk Px Ref (\$)	Yld to Mat (%)	Curren t Yield (%)	Prem. (%)	Delta (%)	PC Stx Px % Appr.	PC Date	Cvt High Px	Cvt High Px Date
460	4.250	6.9	117.3	23.3	1.54	3.62	36.0	79	51%	3/6/29	154.4	3/5/2025

Spread Benchmarks

Bloomberg B US High Yield Average OAS 422bps

Bloomberg Caa US High Yield Average OAS 824bps

Vol Benchmarks

100 Day realized volatility: Median over the last 1 year is 103

Jan 27 \$25 Calls: Implied Volatility at the Mids is 98.41

Key Financials

Note: The convert of \$460mn was issued after the latest financials Q so we estimate total debt at around \$460mn.

In Millions of USD 12 Months Ending	FY 2023 12/31/2023	FY 2024 12/31/2024	Current/LTM 12/31/2024	FY 2025 Est 12/31/2025	FY 2026 Est 12/31/2026
Market Capitalization	1,316.7	6,278.6	7,367.9		
- Cash & Equivalents	85.6	565.0	565.0		
+ Preferred & Other	114.6	190.0	190.0		
+ Total Debt	72.9	173.0	173.0		
Enterprise Value	1,418.6	6,076.6	7,166.0		
Revenue, Adj	0.0	4.4	4.4	83.2	505.0
<i>Growth %, YoY</i>	—	—		1,782.5	507.2
Gross Profit, Adj	0.0	4.4		42.0	373.9
<i>Margin %</i>	—	100.0		50.5	74.0
EBITDA, Adj	-165.7	-175.2	-179.4	-134.6	172.3
<i>Margin %</i>	—	-3,964.9	-4,061.2	-161.8	34.1
Net Income, Adj	-87.5	-298.3	-300.1	-287.0	-106.0
<i>Margin %</i>	—	-6,752.6	-6,792.3	-345.1	-21.0
EPS, Adj	-1.07	-1.93	-1.95	-0.88	-0.32
<i>Growth %, YoY</i>	-85.34	-80.62	-85.25	54.63	63.47
Cash from Operations	-148.9	-126.1	-126.1		
Capital Expenditures	-118.8	-174.1	-174.1	-514.0	-808.3
Free Cash Flow	-267.7	-300.3	-300.3	-620.3	-600.6

Source: Bloomberg

IMPORTANT DISCLOSURES

©2025 GSR Research, LLC. GSR Research (GSR) is not a registered investment advisor. The content of this publication is intended for informational purposes only. It should not be considered as legal, tax, or investment advice. The mention of any specific security, index, derivative, or other instrument in the newsletter does not constitute a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security, index, or derivative. GSR Research hereby expressly disclaims any and all representations and warranties that: (a) the content of its publications is correct, accurate, complete, or reliable; (b) any of its publications will be available at any particular time or place, or in any particular medium; and (c) that any omission or error in any of its publications will be corrected. GSR Research's publications are published and distributed in accordance with applicable United States and foreign copyright and other laws. Without the prior written consent of GSR Research, no person or entity, directly or indirectly, may copy, reproduce, recompile, decompile, disassemble, reverse engineer, distribute, publish, display, perform, modify, upload to create derivative works from, transmit, or in any way exploit all or any part of GSR Research's website, its publications, or any other material belonging to GSR Research. At any given time, GSR Research's principals may or may not have a financial interest in any or all of the securities and instruments discussed herein.