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York Space Systems

York Space Systems - Q4 and FY Earnings Call

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CORPORATE SPEAKERS:

Christopher Evenden

York Space Systems; Vice President of Investor Relations

Dirk Wallinger

York Space Systems; Chief Executive Officer

Kevin Messerle

York Space Systems; Chief Financial Officer

PARTICIPANTS:

John Gooden

Citigroup; Senior Vice President

Seth Seifman

J.P. Morgan; Stock Analyst

Ryan Koontz

Needham & Company; Senior Research Analyst

Sheila Kahyaoglu

Jefferies; Wall Street Analyst

Peter Arment

Baird; Senior Analyst, Aerospace and Defense

David Strauss

Wells Fargo; Managing Director of Equity Research, Aerospace and Defense

Austin Moeller

Canaccord Genuity; Director, Equity Research

PRESENTATION:

Operator^ Hello everyone. Thank you for joining us and welcome to the York Space Systems fourth quarter and Full Year 2025 Earnings Call. After today's prepared remarks, we will host a question and answer session. (Operator Instructions) I will now hand the call over to Christopher Evenden, Vice President of Investor Relations. Please go ahead.

Christopher Evenden^ Hello everyone and welcome to York Space Systems fourth quarter and full year 2025 earnings call. With me on the line are Dirk Wallinger, our CEO, and Kevin Messerle, our CFO. Please note that our earnings press release is available at ir.yorkspacesystems.com.

In addition, we have posted an earnings presentation to accompany our prepared remarks on the same website. Lastly, after the call, we will post a transcript of our prepared remarks and an audio replay of this call. For those listening to the rebroadcast of this call, we remind you that the remarks made herein are as of today Thursday March the 19th, 2026, and have not been updated subsequent to this call.

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During this call, we will refer to certain non-GAAP measures. A reconciliation of these measures to the most directly comparable GAAP measures can be found in our earnings press release. We will also make statements that are considered forward-looking, including those related to our 2026 outlook, future growth prospects, backlog, growth of market share, growth strategy, capabilities, and future health of our spacecraft.

Listeners are cautioned that our forward-looking statements involve certain assumptions and are inherently subject to risks and uncertainties that can cause our actual results to differ materially from our current expectations.

We advise listeners to review the risk factors and other discussions included in our prospectus filed with the SEC on January the 30th, 2026, and in our subsequent reports filed with the SEC, including our upcoming annual report on Form 10-K for the year 2025. After the completion of our prepared remarks, we will open the call for questions. Now, I'll turn the call over to Dirk.

Dirk Wallinger^ Thanks, Chris. Hello and welcome to York's fourth quarter and Full Year 2025 Earnings Call. I appreciate you all taking the time, and I'm happy to be speaking with you.

2025 marked an inflection point in our business. We grew revenue by 52% year-over-year, and we exited the year with clear line of sight to profitability in 2026. Kevin will get to the details of that in a moment.

Our financial results are a reflection of the business milestones we reached during the year. Given this is our first earnings call, I'll provide some context on how we got here. I founded York in 2012 with one purpose, to disrupt the traditional space industry.

At that time, it was an era of multi-billion dollar satellites built over decade-long timelines, and it was clear to me that if the United States continued on this path, we'd lose the second space race to our adversaries. We needed the ability to design, build, and deploy large constellations of satellites on significantly accelerated timelines. That meant transforming how we manufacture, launch, and operate satellites, shifting from bespoke programs to a fully industrialized model.

That's exactly what York was built to do and what we've been executing on since 2012. As the mission prime, we own the full satellite lifecycle from design and manufacturing through launch, operations, and sustainment. Our multi-platform approach is built around a standardized, modular family of spacecraft that range from 200 to more than 2,000 kilograms.

We architect our platforms as integrated systems, combining flight-proven hardware with proprietary flight and mission operations software. That integrated software hardware approach is designed to allow us to seamlessly coordinate across three different operations centers, task across our global network of close to 50 antennas, and procure and integrate launch services.

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Executing as the mission prime enables us to monetize the full mission lifecycle and maintain control over most of the aspects required to execute our vision.

That integrated approach is what has set York apart and what has enabled us to deliver reliably at speed and scale. 2025 saw us deliver on that founding vision. We launched 23 satellites into orbit in 2025 alone.

We emerged as a leading provider of the Department of Defense's proliferated warfighter space architecture, measured by spacecraft on orbit, number of contracts, and mission types.

We acquired a global ground station network and software-defined operations platform, effectively eliminating ground communication bottlenecks to support our end-to-end mission architecture. And we fine-tuned our industrialized production process with every satellite we build.

We've achieved multiple technical feats, including in-plane, cross-vendor, and space-to-ground optical laser communications. York demonstrated Ka-band connectivity, orbit maneuvering, and remains the only provider ever to demonstrate Link 16 from space to ground. Together, these demonstrations validate our ability to integrate advanced capabilities into cohesive, secure architectures designed to meet the evolving needs of the warfighter.

These milestones reflect years of deliberate execution and sustained intentional investment. From the outset, we've aligned every major decision around enabling the rapid, cost-effective production and operation of satellite constellations critical to U.S. mission success. With U.S. government demand accelerating rapidly, we are positioned to deliver at scale.

Our IPO strengthened our capital base and operational flexibility, enabling us to accelerate execution and further extend our lead over competitors. Now, I'd like to highlight the 2025 achievements that we expect to have the biggest impact on our future. Most significantly, on September 10th, we launched 21 satellites for the Department of Defense.

This low-Earth orbit constellation is designed to provide secure, resilient communications and data transport for U.S. and Allied warfighters. We delivered our satellites to orbit one month ahead of our nearest competitor, and we confirmed the health of all spacecraft within hours of launch separation through our own Classified Mission Operations Center here in Denver. We are excited about the launch of our second plane of satellites for Tranche 1.

These spacecraft were the first operational communication satellites in orbit for the PWSA, and we understand they will play a key role in communications infrastructure, underpinning America's next generation of space-based defense systems.

Our multi-platform approach enables us to execute across nearly every Golden Dome mission set, including communications, signals intelligence, remote proximity operations, Earth

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observation, synthetic aperture radar, and visible imaging. Our S-Class platform launched in 2018 and has flown across multiple missions and constellations, establishing a repeatable, flight-proven foundation.

We expanded that architecture with our LX-Class platform, which shares approximately 80% of its hardware and nearly all of its software with the S-Class. That design commonality validated our manufacturing model and reinforces the strength of our integrated hardware and software ecosystem. Building on that foundation, we introduced our largest M-Class platform in 2025, extending the same core architecture to support payloads in excess of eight kilowatts of power.

By leveraging the same flight-proven hardware and software stack, M-Class enables us to scale into higher power mission sets without redesigning the underlying system. This significantly broadens our addressable market across national security, civil, and commercial markets. As part of our plan to continue expanding our share of the market, I am happy to share that we recently finalized a \$187 million commercial contract for a 20-plus satellite constellation built on the M-Class platform.

This is our fifth commercial contract and the first constellation of a series of constellations for this customer. Our platform and turnkey ecosystem approach is designed to lower costs, streamline and de-risk procurement, accelerate build times, and significantly reduce capital intensity. Recognizing that ground infrastructure is foundational to proliferated architectures, we acquired Atlas Space Operations in the third quarter of 2025.

As proliferated constellations scale, ground infrastructure becomes a critical constraint. The pressure is particularly acute when dozens of satellites are deployed simultaneously at launch and require rapid checkout and orbital phasing, as was the case with our numerous constellation launches. By bringing Atlas into our ecosystem, we expanded our global ground network, reduced dependency on constrained third-party capacity, and reinforced our integrated end-to-end mission model, enhancing space-to-ground resilience.

Atlas was essential in enabling us to confirm the health of 21 satellites launched in September quickly. As a wholly-owned subsidiary, Atlas will continue to operate independently under its existing brand, serving its diverse portfolio of customers across the industry. Another key mission in 2025 was Dragoon.

Launched in June, Dragoon is notable because we went from contract execution to orbit in just seven months, a 75% reduction in delivery timeline versus the typical 30-month program. York was approached with an identified agency need and we then reallocated a satellite in production to this mission. We integrated completely new capability and delivered the spacecraft in orbit successfully.

York is probably one of maybe two providers which have demonstrated this ability. Another milestone in 2025 was our commercially procured communications mission for NASA, the

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BARD mission. Developed in collaboration with NASA's Space Communications and Navigations Program and the John Hopkins Applied Physics Laboratory, executed more than 100 on-orbit communication activities.

BARD successfully demonstrated forward and return link connectivity to NASA's tracking and data relay satellite system, validating interoperability across multiple commercial K-Band relay networks. These demonstrations confirmed the feasibility of seamless roaming between government and commercial communication services. BARD is an important opportunity as a potential pathfinder for modernizing NASA's legacy TDRSS architecture into a proliferated LEO network.

Such a transition would expand connectivity, reduce latency, and enable faster commercial-paced technology refresh cycles while preserving compatibility for existing users and unlocking new mission capabilities.

We anticipate the BARD mission to be extended to address an expanded series of demonstrations, further showcasing our large customer base and wide mission capabilities. In addition to our mission execution, we also strengthened our strategic position in January by going public.

Our decision to go public was grounded in long-term strategy and informed by a clear assessment of market timing and growth trajectory. The capital we've raised provides us flexibility to seek opportunities to grow our TAM through M&A and adjacent market products, grow inventory to provide unmatched scheduled deliveries, expand the manufacturing advantage we currently have over our competitors, and scale our network ecosystem. Our recent acquisition of Orbion Space Technologies is a good example of the first point.

Orbion is a Michigan-based manufacturer of flight-proven electrical propulsion systems that has already delivered at scale for York missions. Acquiring the company helps us reduce supply chain risk, which improves schedule certainty and enables us to align our technology roadmaps with the growing constellation scale demands across the sector.

Similar to Atlas, Orbion will continue to operate as a wholly-owned U.S. subsidiary of York, serving customers across the broad space industry. Both acquisitions reinforce our deliberate strategy to integrate critical mission capabilities across York's space ecosystem, propulsion, ground operations, and end-to-end mission execution. Future M&A may address strategic elements of the supply chain. Some may help us grow our TAM, some may do both.

The second use of proceeds will be to build inventory of our satellite platforms. We demonstrated the velocity of our manufacturing process in September by being first to orbit for the PwC-Transform contract. We demonstrated we can reduce in-orbit delivery by up to 75% with inventory spacecraft, and we are one of the very few in the industry with proven platforms mature enough in their lifecycle to provide this capability.

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This presents a significant strategic competitive advantage and can also enable us to recognize revenue on accelerated schedules. Our time to orbit was already a differentiator, one we've built through over a decade of manufacturing satellites, but we believe the ability to leverage existing platform inventory provides a step function improvement, further widening the gap between us and our competitors. Demand signals are very encouraging.

The government is currently re-engaging, and the Pentagon is moving quickly to execute their missions. We believe there is a clear understanding across the government that the global threat environment is deteriorating, and that investment in space domain awareness, missile defense, connectivity, and counter-space capabilities are essential to America's security. Proliferated architectures have become the preferred approach for resiliency and fight-through capability.

We are also seeing a pronounced push to diversify supplier bases in other areas of the market as cost and speed take on greater importance, especially as proliferation is only feasible if satellites can be made affordably enough to deploy in large quantities. York's 2025 performance metrics validate the mission I set when I founded the company. From day one, our goal has been to serve as a mission prime for proliferated systems.

Today we've built the foundation, scalable satellite manufacturing, a unified software stack across platforms, and an integrated space terrestrial ecosystem. Today York is executing at scale across national security and commercial missions, with 33 satellites currently on orbit, mission operations centers supporting five active missions, and two operational constellations. We are preparing for our eighth launch overall, which will see another 21 York satellites reach orbit on a fully dedicated launch vehicle for the second time.

We are executing on our 12th contract and advancing work on our sixth constellation contract, underscoring York's ability to deliver repeated, reliable performance across multiple programs while continuing to scale production and mission execution capacity.

York's proven mass production cadence demonstrates its strong competitive advantages, enabling the company to field multiple flight-proven platforms with decades of flight heritage, demonstrated on our performance and the ability to deliver fully populated launches at scale. Our latest commercial constellation contract win further demonstrates York's ability to win across numerous markets and customers.

For all these reasons, we believe York is well positioned to meet the evolving needs of the United States government and commercial customers. And with that, I hand the call over to Kevin.

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Kevin Messerle^ Thanks, Dirk. As Dirk said, 2025 was a transformative year for York. By successfully delivering on a broad set of contracts, we were able to significantly grow revenue and take significant strides towards profitability.

Revenue for the year was \$386.2 million, up \$132.7 million or 52% on the prior year. Substantially, all of our revenue derives from long-term fixed firm price contracts and is recognized using a percentage of completion method. We believe this approach most accurately tracks the business and it provides generally a steady progression of revenue throughout a program.

Year-on-year growth in revenue was primarily driven by increased completion against two of our transport layer Tranche 2 contracts. Gross margin percentage, which includes allocated labor, overheads, and DNA, was 20%, up 7 percentage points year-on-year, driven by improved mix as newer programs became a larger part of the whole and a reduction in negative EAC adjustments.

EAC is estimate at completion and is our estimate of final program costs and margins. We have built cross-functional teams at York that reevaluate these on a program-by-program basis every quarter.

Turning to operating expenses, while our revenues increased 52% year-on-year, our SG&A plus R&D expenses only increased 8% for the same period. We also incurred approximately \$12.1 million of one-time transaction costs associated with our M&A program, as well as IPO-related professional fees. The ability to scale our revenue while tightly controlling expenses is the primary driver of our improvement in adjusted EBITDA from 2024 to 2025, and we expect that trend to continue through 2026.

On the operations front, we had 710 employees at the end of the quarter, of whom almost 75% are directly involved in the design and manufacture of satellites or delivery of mission services. Just to touch on our liquidity, as of December 31st, 2025, our cash and cash equivalents were \$162.6 million, and availability under our revolving facility was \$150 million for total liquidity of \$312.6 million. On January 30th, 2026, we completed our IPO of 18.5 million shares of our common stock at a public offering price of \$34 per share.

We received net proceeds of \$582.6 million, net of underwriting discounts and commissions, and offering costs, bringing our total liquidity at January 31st to \$895.2 million. We make use of a number of non-GAAP metrics to inform our management of the business and to give investors insight into our core business drivers.

These include contribution margin and adjusted EBITDA. We define contribution margin as revenue-less material costs. Historically, 85% to 90% of our direct costs for our program, excluding overhead allocations and DNA, have been material costs.

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So it is incredibly important for us to price our contracts at a healthy margin above our single largest cost, material costs. We target a 35% contribution margin on all new business. Contribution margin in 2025 was 32%, an increase of two percentage points from 2024 is 30%.

We don't disclose program-level margins, but I will broadly say that margins on our newer programs have been quite a bit higher than our older programs. We attribute this improvement to our increased ability to project material costs based on years of experience with actual production runs, together with a more rigorous pricing process that includes the use of appropriate management reserves. To further reduce margin risks, just as we operate under firm fixed price contracts, we largely hold our suppliers to the same.

We grew contribution margin dollars by \$47 million in 2025 to \$122 million, an increase of 63%. Loss per share was \$0.89 for the year. Capital expenditures for 2025 were \$8.9 million as compared to \$18 million in 2024. As Dirk touched on in his remarks, our manufacturing process is highly flexible and very efficient, and this has enabled us to keep CapEx very low by the standards of the industry.

Turning briefly to the quarter, revenue for Q4 was \$105 million, up 38% on Q4 2024. Gross profit margin was 20%, operating expenses were \$38.2 million, contribution margin was 33%, and adjusted EBITDA was negative \$1.4 million, up from the negative \$4 million last year.

Looking ahead, we expect revenue for the year to be in the range of \$545 million to \$595 million, up 48% year over year at the midpoint. Over 70% of this is expected to come from our existing backlog, with the remainder anticipated to come from new business in the back half of the year.

With regards to new business, our current expectation is for government contracts to start to be awarded towards the middle of the year, and York intends to compete strongly for them. And now I'll hand it back over to the operator for questions. Operator?

Operator^ We will now begin the question and answer session. Please limit yourself to one question and one follow-up. (Operator Instructions) Your first question comes from the line of John Gooden of Citi. Your line is open. Please go ahead.

John Gooden^ Appreciate it. I wanted to, there are a few things to follow up on, but I guess the one that I'll focus on is this acquisition, Orbion. Maybe you could just talk a little bit more about that, how it came about, what the terms were.

And I was curious if this was the deal that was contemplated in the S-1. There was a note in the S-1 about a letter of intent for an acquisition. Was this that, or was it a different one?

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Dirk Wallinger^ Yes, sure. Happy to dive into that one a little bit. Thanks, John. I appreciate the question. Yes, it is the acquisition that we were contemplating from the S-1. We're really excited about Orbion for a few different reasons.

We've launched a good amount of satellites at this point. We've worked with a wide range of propulsion providers. Orbion was really a clear winner as far as their ability to execute, their ability to perform.

Their hardware has performed really well in orbit. It's a really great team to work with. So we're excited about bringing that on.

It kind of goes to the vision of when we were doing the IPO, right?

We spoke about the four different things that we were going to do and how we're going to go on offense. And one of those was some inorganic associated with bringing great technologies kind of in-house so we could align our technology roadmap, kind of give them a better vision of where the market was headed, where we were headed, so that they could be more successful in developing those products kind of right out the gate.

And that kind of communications is going to be critical because we're already a leader as far as cost and schedule go. But with Orbion with us now, we'll be able to align that technology roadmap, give them assurance of the kind of size of production cadence they're going to need in the coming years so that they'll be really prepared to deliver for us.

And so they've been a phenomenal performer for us for years now.

So we think this will make them an even better performer for us and the rest of the market as well. So they will continue to execute as a wholly owned subsidiary.

John Gooden^ That's fantastic. And you guys, are you willing to give us a sense of how much revenue that's contributing to this year? Then just on M&A in general, are there any other acquisitions contemplated that we should be aware of?

Thanks.

Dirk Wallinger^ Yes, Kevin, correct me if I'm wrong. I mean I don't think that we're breaking out them individually, right? I think we're going to still report at the top level, right?

Kevin Messerle^ Yes, that's right. We're not issuing specific guidance, John, on Orbion, but we can confirm that it's included in our consolidated guidance figure.

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Dirk Wallinger^ And to the latter question about additional M&A, I mean I do think there's some opportunity for some additional M&A. I think people in the industry and in this segment kind of see what we're doing. They're very excited about it.

They want to be a part of it. And so there'll be some other things where, like Orbion, they make sense, right?

They're the best technologies.

It will help us continue to drive down costs even further and make that advantage that we have larger, but then also kind of align that so that our schedules continue to be the best in the sector. So I think there could be some more opportunity for that. And there's also opportunities where we might start to look at kind of adjacent markets and things like that.

John Gooden^ Perfect. Thanks, guys.

Operator^ Your next question comes from the line of Seth Seifman of J.P. Morgan. Your line is open. Please go ahead.

Seth Seifman^ Hi, thanks very much and good afternoon. I wanted to start off talking about some of the opportunities for new business that you mentioned coming later in the year.

Is it some of the Golden Dome opportunities moving maybe to the left of initial expectations for 2027? Is it in the intelligence community? Is it the next tracking layer?

And what are the prospects to exit this year with a backlog that's bigger than where it is now?

Dirk Wallinger^ Well yes, I mean I think that we feel pretty great about that, Seth, so I appreciate the question. I thought the pretty exciting part of the call was where we mentioned that we just won a new constellation for M-CLASS for a commercial customer, a 20-plus constellation. It's the first constellation of many planned for this customer.

So I thought that was an exciting part. I thought that that would add to the backlog. But so, obviously that's pretty exciting for us as well.

As General Guetlein has kind of attested to and been a more public in general with regard to Golden Dome and national defense just in general. I mean it's got, everyone focuses on the name Golden Dome, but the reality is it's national defense, right? So independent of what it's called.

He's spoken a lot more about the absolute need to lower the cost, to move faster, and then to leverage existing acquisition vehicles. We check the box on all three of those. And so I think

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that's why we're starting to see a little bit more come out about national defense and Golden Dome, what that's going to be.

I can't go into any more details right now other than to say that it's a late-breaking news that we have not won one, but we've won two IDIQ contracts now for different classified customers. So on this call alone, we have not only our healthy backlog and our ability to convert that backlog into revenue, which Kevin reported on, we've won a new commercial contract for the first of many constellations for our M-CLASS. Then we have won now, won two IDIQs for different classified customers.

So we feel very bullish about the position that we're in. I think generally though, I mean just as a commentary, you're not going to hear a ton about Golden Dome. General Guetlein has been pretty clear that most of the work is going to be classified, and that's kind of what we're seeing, right?

We're seeing contracts being awarded on the classified side of things. So I'd be happy to talk more about those contracts that we've won for the different classified customers, but that'll be kind of coming in the next few weeks as we kind of sketch those out in a little bit more detail and what we're allowed to discuss and what we're not. So we're still working on that, but hopefully that gives you more insight.

I mean I think that we're in a pretty bullish position with our performance and our ability that just between IPO and now we've already added quite a bit more to the backlog. So I think we feel like we're in a good position and we're going to execute like we always do.

Seth Seifman^ Yes. Excellent. Excellent. Maybe to follow up then on the commercial win there, I guess the pieces of the TAM that you guys have laid out in the past were pretty national security oriented. So how do we think about that commercial piece coming into it and how, maybe the size of that relative to the other pieces of the TAM and how significant that could get within your mix?

Dirk Wallinger^ Yes. I mean I feel focused historically has been on national defense, but that's mostly because the reality is that's where the dollars were. That's where contracts were.

So we won the contracts that were available to us and we did a very good job on them and then executing on them as well. And so that success led to more contracts. So we're happy with that, but I'm very, I'm more and more bullish every day on what commercial can do.

Unfortunately we can't disclose who that customer is right now, but I'm very excited about the mission and what they're doing. It's very much aligned with the trends that we're seeing today. And also what I think we're going to see is a lot more growth in this area.

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Really, traditionally commercial has kind of struggled with kind of getting that kind of total gravity, I guess for lack of a better term on, really garnering the attention it needs and the dollars it needs to really be at scale. But we're really seeing that shift. We're also seeing this administration say that they want to leverage more commercial, which obviously encourages investment in it as well.

So I'm in hopes this is the first of many. I mean I know for this customer alone, this is the first of many in the constellations that they're going to deliver to orbit. So we're obviously very happy to be in a position with that.

But I think in general, commercial, we're just going to see more and more. The nice part is, is you kind of have a giant surge in national defense, right? Which is a great market for us.

And we're now showing some pretty significant diversity in customer base on that front. Then to have some big commercial wins is really great, too. So I think both markets are going to surge.

Obviously I think that we're in a good position to win that work. We just got to continue to execute as we have been, deliver at scale. And I think both of those markets are going to see healthy growth for many years to come. No one's saying we need less satellites in the future.

Seth Seifman^ Excellent. Excellent. Thanks very much.

Operator^ Your next question comes from the line of Peter Arment of Baird. Your line is open. Please go ahead

Peter Arment^ Hi. Good afternoon. Good afternoon, Kevin and Dirk. Thanks for your time. Hi, Dirk, just maybe just to circle back a little bit on your comments about kind of Golden Dome slash, the national defense contracts. We're dealing with a lot of investors are kind of very focused on if there's been a material change of what you view the PWSA kind of architecture is.

I was wondering if you could just maybe shed light. Do you view it to be materially changing, or is it just morphing into the various classified versions of Golden Dome? Just any insight would be helpful. Thanks.

Dirk Wallinger^ I think it's along the lines of what you said in the latter part there. So look, if it's called PWSA, if it's called Space Data Network, if it's called P-LEO [ph], whatever the name is, the government is definitely moving towards it.

And they're delivering contracts pretty quickly now out to performers who are going to execute on this. They need this executed really quickly. So I don't think it's about hey, does PWSA, is that going away? Is MilMet going away?

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There's nothing going away. Communications is not only absolutely critical for Golden Dome and national defense in general, it's the most important thing. Nothing else happens without communication.

So I think it's more of there's definitely a realization that this is going to be the architecture of the future for the United States. And if it is going to be the architecture for the United States, that it needs to be more coordinated, right? That's a general theme that we're hearing across anything, whether that's space, whether that's sea, land, air, it has to be more coordinated.

So I think a lot of the shifts, quote unquote "shifts," I guess that you're seeing in PWSA transport or MilMet or what have you, isn't really about do we need this? It is about we do need this. How are we going to get them to talk to one another?

And maybe we should look at that in more detail and definitize that more before we continue on kind of separate disparate paths, which is kind of what got us into the challenges the United States faces today is we have lots of amazing capabilities, but they're disparate and they don't talk to one another.

So I think it's really more about that as whatever the name is, it doesn't matter, it's needed. I think it's just more about let's make sure that they're going to talk to one another because we've shot ourselves in the foot like a couple times over this.

So, let's not do that anymore. I think it's really more about that. Like that's the mentality.

Peter Arment^ Got it. That's helpful color [ph]. And just it is exciting, obviously with the new commercial win that you announced in February. Could you maybe talk a bit about expectations of delivery of those 20-plus satellites just over what timeline? Thanks again.

Dirk Wallinger^ Yes. So T1 is an operational system and as such the readiness of the system is controlled information. So I can't discuss actual launch date, but we are very far along on production and I think shipping is imminent. I probably can't get any more specific than that.

Peter Arment^ Got it. Congrats on that one. Thanks, Dirk.

Dirk Wallinger^ Yes. Thank you.

Operator^ Your next question comes from the line of David Strauss of Wells Fargo. Your line is open. Please go ahead.

David Strauss^ Thanks. Good evening. Dirk, I wanted to ask about in the fiscal '26 DoD budget that was passed, I think at the end of January or early February, there was still a whole bunch of Tranche 1 and Tranche 2 funding in there.

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So have you actually received all of the Tranche 1 and Tranche 2 funding? Is that reflected in backlog today for you or is there still a fair amount that funding that has to come through and be put in your backlog related to Tranche 1 and Tranche 2?

Dirk Wallinger^ I believe it's all included in the backlog, but Kevin, maybe -- if you think I'm mistaken, you can speak up.

Kevin Messerle^ That's right, Dirk. What we report as backlog are only exercised options and only funded exercised options. So it's all, our backlog's entirely funded.

David Strauss^ Okay. So even though that wasn't -- the funding wasn't passed until January after the end of your 2025 year, that's in the backlog or it isn't in the backlog?

Kevin Messerle^ So let me try it this way. So all of the programs that we're on, right, have funds appropriated for them. Then just the way just to get into some of the nuances of how the government funding works is, yes, as we move into different fiscal years, they will then technically fund it, right?

So the funding does come over time. I think the bigger point is that all these programs, the money is budgeted and set aside for it. But yes, there's a technical sort of nuance of how the over time the actual money moves technically to that program.

So within our backlog, again it's all exercised contracts or exercised options within those contracts. We don't include unexercised options. A lot of those are the right of launch ONS portions. So that's not included in the backlog.

Then to your point, things over time, when the funding actually moves it, we don't move our backlog up and down by the funding amount just because it's a very small portion that's not funded and we know that the funds are there. It's just more of a technicality of when they occur.

David Strauss^ Okay. Then can you talk about kind of your current build rate? What are you producing at today? And what kind of build rate underlies the 2026 revenue guide as compared to 2025?

Dirk Wallinger^ Yes. I mean so I would say that build rate is definitely not going to be -- is not the challenge for us. We're not building up our production in hopes of meeting the demand that we have or meeting future demand, quite the opposite. So York has invested pretty heavily in our production capacity.

In our Willow facility alone, we have all the capacity to meet all the production needs through 2028, right? So that's Willow alone. It does not include production capacity at our Wazee facility, which is a little bit smaller, but nonetheless, a completely different production facility. And most importantly, our Potomac facility, which is actually four times larger than our Willow facility.

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So we've actually built out, invested in, and are prepared for massive production numbers on the order of up to a thousand satellites a year. So that's what we've invested in and that's what our capacity is today. And that's a little bit of a differentiator between a lot of other companies who are still trying to prove their first product. And even after they prove the first product try to get to scale. And that's a little bit different for us.

So everything at just our Willow facility alone meets all our projections through '28. And we have 4X more capacity in our Potomac facility. So we're very well positioned for the growth that we expect going on through '26, '28, '29.

Kevin Messerle^ Yes. I'll just maybe add a few things here, Dirk. There's a pretty helpful slide we have in our earnings deck. I think you should all have access to that either now or after the call.

But it's slide eight and it shows that right now we have 33 satellites on orbit. But then we provide some general guidance to the satellites that we have currently in our backlog being produced. It's 107 and we expect all 107 of those to be launching over the course of '26 and '27.

As Dirk mentioned earlier, we can't provide specific launch timing for specific programs. That's controlled information. But what we can say is, broadly speaking, we'll have a total of 140 satellites on orbit by the end of 2027, if not sooner.

And so, the way to think about how that ties to our you touched on our revenue, again over 70% at the midpoint of our guidance is backlog. And that's really just pretty highly predictable revenue stream. It's driven off our cost and currents.

And we have a pretty mature at this point supply chain. And we have daily and weekly discussions, depending on the vendor and the program. But it's all to say we have a pretty good line of sight into the tempo of that revenue.

And it's all generally tied to the higher theme that over the course of the next two years, we're going to be putting 107 satellites into orbit. And that actually does not include -- that 107 number I'm citing does not include, to be clear, that new commercial constellation. We're still working with that customer to fine-tune some of the expectations for launch dates there.

David Strauss^ Great. Thank you very much.

Operator^ (Operator Instructions) Your next question comes from the line of Austin Moeller of Canaccord Genuity. Your line is open. Please go ahead.

Austin Moeller^ Hi. Good afternoon, Dirk and Kevin. Just my first question here.

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Given the funding already included in Big Beautiful Bill and the fiscal year '26 budget for Golden Dome, what funding do you think might be allocated in this \$450 billion reconciliation bill for space that they're talking about? Do you think it might include more satellites or more ground infrastructure for Space Force and DOW?

Dirk Wallinger^ I mean at the 10,000-foot level, it's going to include more for both, for sure. Space is absolutely going to be critical to the national defense and what we're doing in the future, but that does include a significant amount of ground effort as well. Ground will need to tie, like I said, all the disparate systems together.

That's kind of the main challenge that we have is we have all the capabilities we need. We need to be more efficient in how they talk to one another. So ground will be a huge part of that.

Building out ground is important, and that's one of the IDIQs that I mentioned was a contract win for us is about York helping to contribute to that, us helping to contribute on how you operate hundreds and thousands of satellites in orbit, how you feed that information and how you distribute that information and disseminate it. And satellites are really the best way of disseminating information. It's kind of above the entire battlefield.

So there's going to be a significant amount for both ground and satellites, for both. Now, all that said, our pipeline that we've identified, and we have to update it, I'm sure, but we have 11 billion in identified pipeline right now. So that's seemingly only going to grow.

I've seen more requests for more funding for some of our more recent engagements as well. So our identified pipeline is 11 billion, and that was before a lot of the growth that you're talking about here.

Austin Moeller^ Okay. And as the production lots for Golden Dome or PWSA grows with additional contracts for that constellation or those constellations, what gives you confidence in maintaining the target growth and contribution margins going forward? Is it just the strong execution record and timely delivery and best-in-class product?

Dirk Wallinger^ Yes. I mean for us, it's always the three main metrics is that best capability, best performance, best schedule, which we meet on all those fronts. But historically, we have executed a price point that is half the price of our competitors.

And we've done it with the margins that we are very close to now. And we think that we have opportunity to increase that because we're only becoming more and more efficient. So just as a kind of a side story, I guess or an example is critical design review is one of the most critical reviews for any of our programs.

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I can say that for the T1 program at CDR, we had 65 engineering heads working that program. And at the same critical design review for T2, we had 15, right? So we are seeing significant improvements in our efficiency and our ability to execute.

So Kevin, I mean you might have some more comments on those margins there, but those are the margins that we plan to, those are the margins that we price to, those are the margins that we execute on. And we've been doing it at those margins at half the price. But Kevin, I don't know if there's --

Kevin Messerle^ Yes. No. I think you've covered it really well, Dirk. What I would say is that, yes, given that we are already half the price of our competition, we're starting from a pretty enviable pricing position, right? So I don't feel like we need to certainly lower price at all.

I think our strategy, as Dirk has outlined in the past, is probably maintain this pricing. We make nice margins at it. But what we can do and what we are doing, right, is as our supply chain matures and we're ordering more volumes, we're going to see just our supply base or our cost base start to come down, right?

So definitely, I think there's more upside to contribution margin. Just from a sort of an accounting perspective, some of these vertical integration plays that we've done, those are highly accretive to contribution margin, just the way that the intercompany math works with their profit margin basically getting kind of canceled out. So it's all to say feel very good about contribution margin growing from here.

And another aspect of that, frankly, is we've been producing at large scale for a couple of years now, which is something a lot of our competition probably still has ahead of them. And so, we've learned just a lot by being in the trenches and fielding these large constellations. So there's no more surprises of things that we perhaps forgot to price in when we bid a contract a couple of years ago.

Just that's what you get from the level of experience and repetition that we've had. So we don't expect any surprises on the material cost side. And again the trend will be to continue to drive down our supply chain costs.

Austin Moeller^ Awesome. Thanks for all the details.

Operator^ Your next question comes from the line of Ryan Koontz of Needham & Co. Your line is open. Please go ahead.

Ryan Koontz^ Great. Thanks for the question. And let me ask a big picture here with regards to the '26 guide.

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And I see over 70% of that's already in backlog. If you could expand on the kind of revenue, the types of revenue or the mix of revenue that's not currently backlogged that you'd expect to see in '26 for us. Thank you.

Kevin Messerle^ You want me to start with that one, Dirk?

Dirk Wallinger^ Yes, (inaudible).

Kevin Messerle^ Ryan, what I'd say is that we are expecting new business award activity to start to pick up as some of these dollars get allocated in the eventual sort of spending agencies that will ultimately be awarding the contracts. We think that's going to take a little bit of time. We think once we kind of get to that mid-year and into the second half, we're going to start to see some pretty robust award activity.

And that's the basis of our range of \$545 million to \$595 million of rev. So we do think most of that will be from our traditional Department of Defense government sector, whether that's PWSA or Golden Dome or IC. One of the themes Dirk has touched on today is that wherever it comes out of, we're a bit agnostic to that because we just believe the capabilities we have are -- positions well across the board.

There'll be a little bit of commercial that new commercial contract, we're not anticipating substantial revenue recognition from that one this year. So I would say it's going to be largely second half government defense awards and a little bit of commercial.

Ryan Koontz^ Helpful. That's really great. And anything on the supply chain you'd call out as challenging these days?

We hear about it in other areas of tech getting tough, but in particular areas you're concerned about and having to invest maybe extra working capital to be prepared?

Dirk Wallinger^ Yes. I mean we do hear a lot about supply chains now, but I think that we're a little bit differentiated in that sense. And how I mean that is we are at production capacity now, which means that we were tackling supply chain issues several years ago. And so, I think it's a little bit new for folks trying to ramp up now, but we've done that investment.

I think acquisitions like Orbion are very, very helpful in the sense of we can better plan with our partners on kind of what kind of numbers we're going to need and when, and we can co-invest if that's required. And so, we've done a lot of that already. And so, our supply chain is, very robust, very secure.

We worked these issues many years ago. We did things like buy solar arrays in bulk ahead of a need, ahead of challenges that were coming ahead. We co-invested on some laser capability to

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stand up production on that. But again that was for T0 contract.

So we basically retired a lot of that investment we needed to make in our supply chain. We're kind of more now in improvement cycle, where we're trying to improve it, make it more efficient and make it a little bit better. But us kind of delaying schedule and things like that because of supply chain is a problem that we looked at a couple of years ago, and we feel like we have a good handle on it.

I think when we did the IPO, we did talk about that we were going to inventory a lot of our spacecraft. We're in a unique position to be able to do that. We have a very large backlog.

We have a consistent product. We know that it works. We know that it works in orbit.

So we are going to invest in some inventory, which should help with the supply chain challenges as well.

The reality is, is something being delayed is only really a problem if you're already behind, right? But if you are ahead of the need and ahead of a schedule and have an inventory product, if something shows up three weeks later than it should have, but you have inventory spacecraft and you have ahead of a need, then you're able to kind of sustain those impacts.

So that's where we're focused more is standing up, basically supporting our supply chain to be more efficient. Then we're going to build inventory spacecraft. And that's going to really take that kind of lead time out of the equation for us.

Ryan Koontz^ Great. And one just quick clarification there. If you're building that inventory and shipping from inventory, is that a different form of RevRec than traditionally?

Kevin Messerle^ No. What it does is effectively accelerate the revenue recognition. So as Dirk said, we want to be smart about building up some satellite platforms in inventory. Then that way our BD folks can be empowered to say hey, how quickly do you need this mission flown?

Because we've proven, I think Dirk touched on his prepared remarks with our Dragoon mission, right, we -- ATP to orbit was seven months, which is pretty unheard of. So what that'll do is we'll kind of build up the cost structure on the balance sheet and inventory. Then once we get that allocated to a particular revenue generating program, it'll be a very fast cycle RevRec.

Ryan Koontz^ Yes.

Kevin Messerle^ So it'll be pretty exciting to see that happen.

Ryan Koontz^ Yes, that's cool. Yes. Thanks guys. Appreciate the color.

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Dirk Wallinger^ Yes.

Operator^ Your next question comes from the line of Sheila Kahyaoglu of Jefferies. Your line is open. Please go ahead.

Sheila Kahyaoglu^ Good afternoon. Good afternoon, guys, and congrats on your first quarter. Maybe if I could ask first on just the margin comments and the pricing, you guys offer an affordable solution. What's driving some of the higher margins?

I know you talked about the supply chain improvements. What is that? Is that more like supply chain pricing?

And how do we think about the volume leverage?

And maybe if we could clarify on Orbion, how do we think about the revenue contribution there given that that's a vertical integration play as well?

Dirk Wallinger^ Kevin, why don't you talk on that, yes?

Kevin Messerle^ I'll touch on that. Yes. We'll start with the Orbion one. So the way it works broadly speaking, when we acquire a company like Orbion and like ATLAS, same thing for Atlas.

So they do York business and non-York business. So when our consolidated numbers are put out, the net impact is just on the non-York business. Because the way it works from an accounting perspective is that their York business, that revenue gets canceled out and the associated COGS from us, so their revenue is our COGS, so to speak, those net out and the elimination.

So again they are baked into our projections. They're not a, I would say not a substantial portion of our 2026 guidance. Because again we're buying companies that we already buy a lot of stuff from.

Then so that kind of -- it's more of a margin improvement. I touched on earlier, when we do these type of vertical integration acquisitions, they're very accretive to contribution margin, right?

Because we're basically stripping out what otherwise would have been profit margin that we were paying to a third-party vendor.

Now that just kind of stays within the family, so to speak. So that's a big driver of increased contribution margin and overall gross margin. So that's how that works.

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Then just in general, I think you had a question about margin. So our margins improved year-over-year, our gross margin by about 700 basis points. And that's really a result of a couple of things.

It's program mix. So our newer vintage program, so a lot of the growth in revenue in 2025 came from our Tranche 2 transport layer programs, Alpha and Gamma. Those were programs that we priced when we had a lot of reps in our system through T0 and T1.

So we priced that really well. And those are higher margin, -- in general, our newer programs are higher margin. So it's a factor of mix.

Then, we also had reduced negative EAC adjustments in fiscal '25. And again that's another sort of proof point of a maturing business and maturing sort of pricing rigor and cost rigor.

We don't expect to see any sort of meaningful negative EAC adjustments as we move forward.

So, it's really those two things that drove the nearly 700 basis point gross margin improvement in 25.

Sheila Kahyaoglu^ Got it. Thank you. That's very clear.

Then maybe if you could just provide a quick update on how you're thinking about Transport Tranche 3 and just the path forward for that mission.

Dirk Wallinger^ Yes. As I kind of talked about a little bit earlier, there's no doubt that communications is going to be a major part of Golden Dome and National Defense in general. I believe that it's going to be restructured under something called the Space Data Network, where they're working through that architecture and what that'll look like now.

My best guess and it's a guess is that I think Transport will probably be part of that Space Data Network and it will interlink with the other systems. So it kind of goes to what I was saying before of, they're realizing that these systems cannot be disparate and unique and they need to be part of a larger architecture that works together. And my feeling is that I think Transport will definitively be a part of that.

I think that they're working the details of that architecture now and how that'll work. Obviously I think that we're in a really phenomenal position to win significant parts of that, given that we've already performed so well on T0, T1. We're already under contract for T2.

So I think our delivered capabilities, flight heritage, and the fact that we were the first time to launch every single time kind of speak to us being able to deliver that mission successfully. So I think it's going to be part of Space Data Network. And I think that they're working that architecture now and we feel like we're in a strong position to win that work.

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Sheila Kahyaoglu^ Got it. Okay. Thank you.

Operator^ I will now turn the call back to Dirk Wallinger for closing remarks.

Dirk Wallinger^ Yes. So essentially, I just wanted to say thank you for everyone taking the time who've been there -- a lot of folks have been following us for a little bit.

Appreciate you learning more about what we're doing. Hopefully, you can see that we have really strong engagement, the ability to execute. We have a lot of missions in front of us, which we're excited to get into.

We're seeing our base grow significantly from not only the kind of proliferated LEO national defense systems we've historically worked on. We're seeing new contracts with multiple classified customers.

We're seeing large constellations being secured for commercial customers as well.

So, we're really excited about the future. We hope that you'll keep following along with us and appreciate everyone for taking the time. So thank you so much.

Operator^ This concludes today's call. Thank you for attending. You may now disconnect.