Good morning everyone. I am Nobuhiro Matsuyama, Director and CFO of Astroscale Holdings.

Thank you all for joining this call on short notice. Also, I would like to express our sincere apologies for this announcement of downward revision at this time.

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Executive Summary

❶ **FY2025 full-year earnings forecast:** Revised down to the following.

	Revised Forecast	Previous Forecast
Project income	¥5.5 billion	¥12.0 billion
Gross loss	¥4.5 billion	¥0.0 billion
Operating loss	¥19.5 billion	¥17.0 billion
Net loss	¥22.5 billion	¥18.5 billion

- The primary factors behind the downward revision of project revenue and operating profit/loss are delays in new contract signing and revenue recognition for existing projects.
- In addition to the above, downward revision of net loss includes effect of anticipated foreign exchange losses.

❷ **LEX business outlook:** No changes other than delays in contract signing; visible progress in private sector demand.

❸ **Delay on existing project revenue recognition:** Temporary delays expected to be largely recovered in FY2026.

There are 3 key points today.

First, in light of the current situation, we have decided to revise our full-year earnings forecast for the fiscal year ending April 2025 downward. Specifically, we are revising project revenue from ¥12.0 billion to ¥5.5 billion, gross loss from breakeven to ¥4.5 billion, operating loss from ¥17.0 billion to ¥19.5 billion, and net loss from ¥18.5 billion to ¥22.5 billion. The primary reasons are delays in contract execution for LEXI-P and K Program, as well as delays in revenue recognition for ISSA-J1 and APS-R projects.

Second, the main reason for this downward revision is delay in contract execution, and there are no significant changes to the business outlook for our Life Extension (LEX) services other than such delay. In fact, we are seeing emerging interest from new potential commercial customers, and we believe the business itself remains on a solid trajectory.

Third, the delays in revenue recognition for existing projects are primarily due to temporary delays on the part of suppliers and customers, and we expect a general recovery in the next fiscal year.

Revised FY2025 Full-year Earnings Forecast

We are revising down our FY2025 full-year earnings forecasts as shown below. This was driven by delay in new contract signing and revenue recognition for existing projects.

FY2025 Full-year Earnings Forecast

(¥ million)	FY2025 Forecast (Revised)	FY2025 Forecast (Previous)	FY2024 Actual	YoY Change (vs Revised)
Project income	**5,500**	12,000	4,667	+17.8%
Revenue (IFRS)	**2,300**	8,000	2,852	(19.4)%
Gov't subsidy income	**3,200**	4,000	1,814	+76.4%
Gross profit	**(4,500)**	0	(2,245)	(2,254)
Gross margin (%)	**(195.7)%**	0.0%	(78.7)%	-
Operating profit	**(19,500)**	(17,000)	(11,555)	(7,944)
Profit (loss) before tax	**(22,500)**	(18,500)	(9,219)	(13,280)
Profit (loss)	**(22,500)**	(18,500)	(9,181)	(13,318)

Factors of change compared to previous forecast

- Project income:
  - Impacted by delay in contract timing for new large-scale projects (LEXI-P and K Program).
  - Timing delays in cost and income recognition for existing projects (ISSA-J1 and APS-R) due to customer and supplier-related reasons.
- Gross Profit:
  - Impacted by the delay of LEXI-P contract.
- Operating Profit:
  - Controlled pre-contract development costs on LEXI-P considering delayed contract.
  - Maintained strict control of SG&A expenses.
  - Reduced losses in this FY due to delay of partially-funded grant missions.
- Profit (loss):
  - Anticipate foreign exchange losses (Approx. ¥2,300 million). Assumes $1=¥142.

Notes:
This forecast constitutes forward-looking statements that reflect the company's views at the time such statements were made with respect to future events and are not a guarantee of future performance or developments. The forecast is inherently subject to significant risks and uncertainties.
Project Income: Non-IFRS measure. Project income includes revenue from customers and government subsidy income only related to grants for which use is tied to specific projects. We believe project income provides investors with additional information in relation to the sources of income derived from our project-related activities, as we pursue a wide range of project activities regardless of the funding scheme. Management monitors project income as the primary indicator of income of project-related activities.

This slide shows our revised full-year earnings forecast for the fiscal year ending April 2025.

We have revised project income downward from the previous forecast of ¥12.0 billion to ¥5.5 billion. There are two main reasons for this. First, the delay in the timing of contract execution for large-scale new projects such as LEXI-P and K Program. When contracts for new projects are delayed, the period available for revenue recognition within the current fiscal year is shortened or put off until a future period, resulting in reduced contribution to this fiscal year's earnings. This revision reflects an estimated impact of approximately ¥6.0 billion from this factor.

Second, temporary delays in existing projects such as ISSA-J1 and APS-R. Revenue recognition can be affected when there are delays in cost invoicing from suppliers or delays in payment timing from customers. This revision incorporates an estimated impact of approximately ¥0.5 billion from this factor. Gross loss has been revised downward from breakeven in the previous forecast to a loss of ¥4.5 billion. The main cause is the aforementioned timing delays.

Lastly, operating loss has been revised from the previous forecast of ¥17.0 billion to ¥19.5 billion. As mentioned earlier, although contract delays for LEXI-P are a factor, we have been moderating our upfront development efforts accordingly, so the increase in the loss is relatively smaller compared to the decline in project revenue and gross loss.

Project Income: Key Drivers of Revision and Outlook

This revision is mainly driven by underperformance of project income recognition from temporary timing delays. We believe the outlook for the LEX service business remains unchanged and expect to largely recover delayed income recognition on existing contracts in FY2026.

Delay in New Contracts	
Relevant Projects	LEXI-P K Program
Impact to FY2025 Income	Approx. ¥6 billion

Future Outlook

- **LEXI-P**
  - Continuing negotiation with a highly-interested customer who extended existing termsheet. However, a definitive agreement may require more time due to transitional situations of the governments involved.
  - Noting growing interest in LEX services from additional commercial customers. To maximize business opportunities, may considering flexibility in customer allocation for our LEXI-P servicer which generally has the technical capability to switch (dock and un-dock) between customers without major changes in design.
- **K Program**
  - Project awarded in January. Expect contract signing during 1H FY2026.

Income Recognition Delay on Existing Contracts	
Relevant Projects	ISSA-J1 APS-R
Impact to FY2025 Income	Approx. ¥0.5 billion

Future Outlook

- **ISSA-J1**
  - No significant delay to mission schedule. Underperformance caused by temporary income delay due to factors such as shifting of funding timing from customer. Expect delays to be largely recovered in FY2026.
- **APS-R**
  - No significant delay to mission schedule. Underperformance caused by temporary delay of suppliers causing lower cost and income recognition. Expect delays to be largely recovered in FY2026.

As explained in the previous slide, we have outlined the factors behind the downward revision of project revenue. Here, we will provide further details on the outlook going forward.

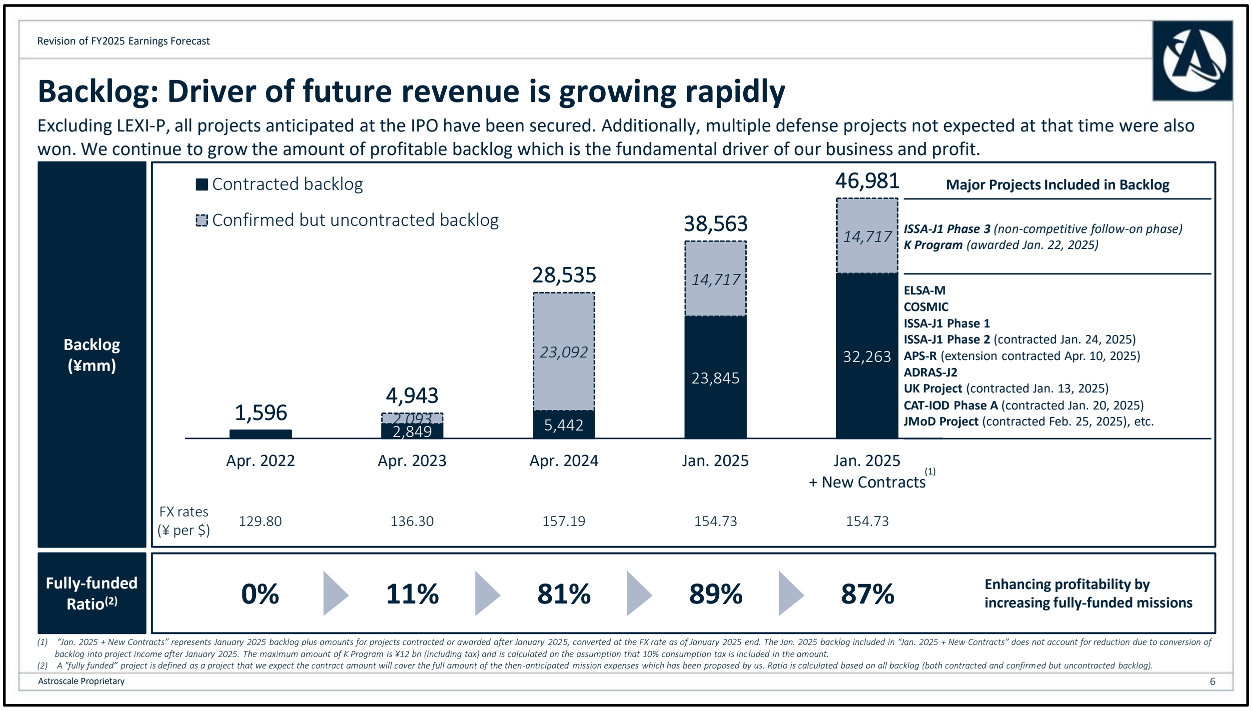
First, regarding new projects, we are continuing contract negotiations with the customer for LEXI-P. While customer interest remains strong as evidenced by the extension of the term sheet, delays have occurred due to political developments involving foreign governments connected to this matter. Therefore, unfortunately, it is expected to take additional time before the contract can be finalized.

On the other hand, interest from commercial customers in our Life Extension (LEX) services is increasing. Since our LEXI servicer uses a standardized design regardless of customer, we are considering the possibility of reallocating the servicer to a different customer, depending on the situation, if negotiations with the current customer are further delayed. Once a customer contract is secured, we will be able to record the currently incurred R&D costs either as cost of sales or capitalize them as assets. Depending on the contract structure, revenue recognition may also begin, which would contribute significantly to improving profitability from the next fiscal year onward.

Regarding the K Program, the project was awarded in January of this year, and the process toward contract finalization is currently underway. We expect the contract to be concluded in the first half of the next fiscal year.

As for existing projects, in the case of ISSA-J1, as we announced in November last year, our usual procedure is to pay suppliers based on milestone achievements and then apply for subsidies accordingly. However, for this project, subsidy applications will be made upon final product delivery, rather than based on milestone deliverables. As a result, revenue recognition has been reduced compared to our initial expectations. That said, this is only a temporary effect, and we expect a general recovery in the next fiscal year.

For APS-R, temporary delays on the supplier side have led to delays in both cost and revenue recognition, but this is also expected to generally recover in the next fiscal year.



As explained, while this fiscal year's financial results are under significant pressure, our business continues to make steady progress, and our fundamentals remain strong.

The foundation of our project income model is our order backlog. Aside from LEXI-P, we have successfully secured all the projects originally anticipated at the time of our IPO.

Furthermore, due to the unexpected rise in defense-related demand, our total backlog—combining the January 2025 backlog with new contracts awarded thereafter—has grown to approximately ¥47.0 billion. In addition, the proportion of projects where we can recover full costs and earn a margin has increased to nearly 90%, which is reflected in expectations for ongoing improvements in profitability.

As seen this fiscal year, period profit and loss can be impacted by delays in contract execution, but by continuing to increase backlog with margin-generating projects, we will further strengthen our business foundation.

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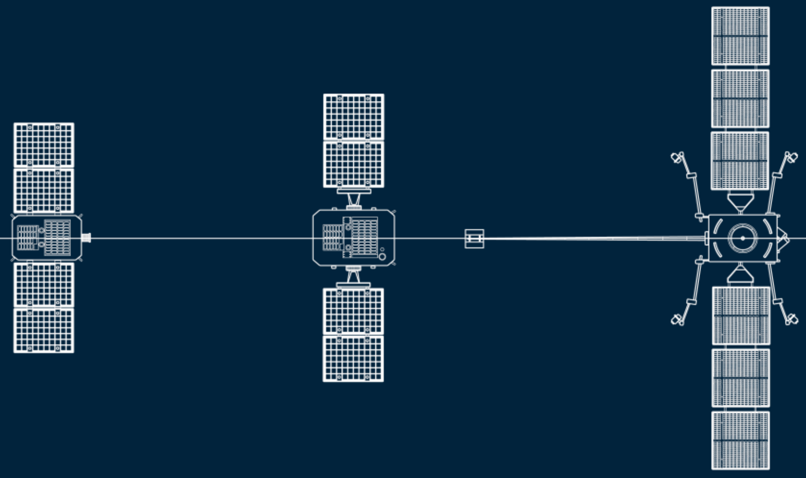

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