

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [Japanese GAAP]

May 15, 2026

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 Securities code: 9348 URL: <https://ispace-inc.com/>
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 Scheduled date for ordinary general meeting of shareholders: June 26, 2026
 Scheduled date for dividend payment: None
 Scheduled date for submission of securities report: June 25, 2026
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate YoY changes)

	Project revenue		Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2026	5,890	18.4	3,307	(30.3)	(11,580)	-	(8,141)	-	(8,152)	-
March 31, 2025	4,971	-	4,743	101.2	(9,795)	-	(11,334)	-	(11,945)	-

(Note) Comprehensive income Fiscal year ending March 2026: (10,174) million yen (-%)

Fiscal year ended March 2025: (10,398) million yen (-%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Net sales Operating income (loss) margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	(65.96)	-	(74.2)	(21.7)	(350.2)
March 31, 2025	(124.32)	-	(143.5)	(41.8)	(206.5)

(Note) 1. Although there are potential shares for diluted earnings per share, this item is not presented because there is a net loss per share for the period.

2. Project revenue is calculated by adding subsidy income (non-operating income) from the government and others to net sales.

(2) Consolidated financial positions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	47,704	15,173	31.6	103.01
March 31, 2025	27,189	7,007	25.4	65.10

(Reference) Owner's equity Fiscal year ending March 2026: 15,064 million yen Fiscal year ended March 2025: 6,898 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2026	(13,568)	(1,825)	31,447	29,690
March 31, 2025	(12,049)	(2,671)	10,423	13,117

2. Cash dividends

	Annual dividends per share					Total dividends (aggregate)	Payout ratio (Consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	At the end of the third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2026	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2027 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2027 (from April 01, 2026 to March 31, 2027)

(Percentage indicate YoY changes)

	Project revenue		Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2027	9,000	50.8	3,300	(0.2)	(17,700)	-	(13,000)	-	(13,000)	-	(105.18)

(Note) 1. As the Company manages its operations on an annual basis, consolidated forecasts for the second quarter (cumulative) are omitted. For details, please refer to the attached document, p.3, "1. Overview of Operating Results, etc. (4) Outlook for the Future."

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, restatement of prior period financial statements

(i) Changes in accounting policies due to revisions of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements: None

(3) Number of shares issued (Common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	146,209,683 shares
As of March 31, 2025	105,675,203 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	55 shares
As of March 31, 2025	55 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	123,596,240 shares
Fiscal year ended March 31, 2025	96,085,864 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate YoY changes)

Fiscal year ended	Net sales		Operating income (loss)		Ordinary income (loss)		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2026	1,116	(53.5)	(5,054)	-	(12,867)	-	(12,878)	-
March 31, 2025	2,402	137.4	(7,741)	-	(12,921)	-	(13,539)	-
	Basic earnings per share		Diluted earnings per share					
Fiscal year ended	Yen		Yen					
March 31, 2026	(104.20)		-					
March 31, 2025	(140.91)		-					

(Note) 1. Although there are potential shares for diluted earnings per share, this information is not presented because net loss per share was recorded for the period.

(2) Non-consolidated financial positions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	41,170	9,937	23.9	67.19
March 31, 2025	22,068	4,474	19.8	41.14

(Reference) Owner's equity Fiscal year ending March 2026: 9,827 million yen Fiscal year ended March 2025: 4,365 million yen

* Financial results reports are not subject to audits by certified public accountants or audit corporations.

* Notes regarding the appropriate use of forecasts and other special items

(Cautionary Statement Regarding Forward-Looking Statements)

The forward-looking statements, including performance forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. They are not intended as a guarantee of achievement by the Company. Actual results may differ significantly due to various factors. For the preamble to forecasts, please refer to the attached materials on P.3, "1. Overview of Operating Results, etc. (4) Outlook for the Future."

(How to obtain supplementary financial results materials and financial results briefing content)

The Company plans to hold a financial results briefing for institutional investors and securities analysts on Friday, May 15, 2026.

The presentation materials to be used on the day will be posted on the Company's website.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the period

Our group is a next-generation private space company working to commercialize lunar development, with the vision of "Expand our planet. Expand our future." in order to expand humanity's living sphere into space and realize a sustainable world.

During the consolidated fiscal year, the global economy experienced heightened geopolitical risks, including the progress of various policies under the second administration of U.S. President Donald Trump, the intensification of tensions in the Middle East surrounding Iran, and developments in the international order centered on the two major powers, the United States and China. In addition, these factors have led to continued uncertainty in the outlook, with unstable capital markets and fluctuations in foreign exchange rates.

The space resource development conducted by our group is a field closely related to security policy, and amid such unstable geopolitical conditions, signs of change are also appearing in the space policies of various countries. Notably, at the "Ignition" event held by NASA (National Aeronautics and Space Administration) in March 2026, plans were announced to significantly accelerate future lunar development projects, including a focus on investments toward the construction of a lunar base by 2030 and the implementation of more than 20 lunar landing missions by 2028. In addition, in April of the same year, the successful completion and safe return of the Artemis II mission, which marked the first crewed lunar orbit in 53 years, has further heightened global momentum for lunar exploration, particularly centered on the United States. This has also become a strong tailwind for the medium- to long-term demand for lunar development by private companies.

In Japan as well, under the Takaichi administration launched in October 2025, the importance of the space and economic security sectors continues to be emphasized, and the business environment surrounding our company remains favorable. Regarding the "Space Strategy Fund" with a total scale of 1 trillion yen over 10 years, for the first phase of the fund, our company was selected as a core partner in a project led by the National University Corporation Tokyo Institute of Science, the representative organization, for one of the public call themes: "Development and demonstration of lunar water resource exploration technology (sensing technology)" (maximum support amount: 6.4 billion yen (Note 1)). We expect the maximum amount to be received from the representative organization to be 4.7 billion yen (Note 2). Furthermore, among the second phase themes announced in March 2025 with a scale of 300 billion yen, our company was selected for the "high-precision landing technology in the lunar polar region" (maximum support amount: 20 billion yen (Note 3)), and with this selection, we have officially decided to begin development of Mission 4.

In Europe, the European Space Agency (ESA) announced the budget allocation for Phase 2 of the MAGPIE project, indicating global business progress toward future missions.

In response to the globally increasing demand for lunar development, our group is steadily implementing various measures to enhance mission quality and development efficiency as expected by our customers. In March 2026, we received the "Seven Recommendations" report from the "External Review Task Force," which included external experts, and have decided on policies to address improvements for future missions. Additionally, we have updated our business strategy and rescheduled our mission. We have decided to integrate the previously separate lander development systems in Japan and the United States and introduce a new model, the "ULTRA" lander, which is a common platform equipped with a more reliable engine. Accordingly, the launch timing for Mission 5 (Note 4), which will be conducted in the United States, has been rescheduled to 2030. Furthermore, anticipating the growing need for communication and positioning services from lunar orbit due to the increase in lunar infrastructure, we have also announced a business concept for the "Luna Connect Service," a communication and positioning service using our own lunar orbiting satellite.

The next lunar landing mission is scheduled for 2028 (Note 5), with Mission 3 led by Japan. Development has moved into the structural test model manufacturing phase and is steadily progressing toward the planned PDR (Preliminary Design Review). For future missions, we are receiving technical support from the Japan Aerospace Exploration Agency (JAXA), and the development system is being strengthened with the participation of members who were involved in the SLIM small lunar lander demonstration project at JAXA and the Institute of Space and Astronautical Science (ISAS).

As a result, for the fiscal year ended March 31, 2026, net sales were 3,307,092 thousand yen (down 30.3% YoY), operating loss was 11,580,063 thousand yen (operating loss of 9,795,143 thousand yen in the previous fiscal year), ordinary loss was 8,141,515 thousand yen (ordinary loss of 11,334,495 thousand yen in the previous fiscal year), and net loss attributable to owners of the parent was 8,152,112 thousand yen (net loss attributable to owners of the parent of 11,945,139 thousand yen in the previous fiscal year).

As the Group's business consists of a single segment, the lunar development business, segment information is omitted.

(Note 1) Figures are subject to change due to future stage-gate reviews and other factors.

(Note 2) The final contract amount will be determined upon inspection of the performance report and achievement report by JAXA and the representative organization, as well as upon receipt of the contract amount confirmation notice.

(Note 3) As these figures may fluctuate due to future stage-gate reviews and other factors, it is not certain at this time that the full amount will be received.

(Note 4) This U.S. mission has been selected for NASA's CLPS Task Order CP-12 as part of Team Draper. The execution of CP-12 under the new schedule is pending formal approval from NASA.

(Note 5) Initially, we had agreed with the Ministry of Economy, Trade and Industry and the SBIR Secretariat to launch within 2027. However, as of the date of submission of this document, based on our internal development schedule, we now expect the launch to take place within 2028. This change is currently being coordinated with the relevant ministries and the SBIR Secretariat, and the plan will be officially amended upon final approval from the Ministry of Economy, Trade and Industry.

(2) Overview of the financial position for the period

(Current assets)

As of the end of the current consolidated fiscal year, the balance of current assets was 34,384,613 thousand yen, an increase of 15,316,663 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,516,481 thousand yen in accounts receivable - trade, while cash on hand and in banks increased by 16,573,053 thousand yen and advance payments - trade increased by 371,282 thousand yen.

(Non-current assets)

As of the end of the current consolidated fiscal year, the balance of non-current assets was 13,320,342 thousand yen, an increase of 5,199,162 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,395,842 thousand yen in construction in progress and an increase of 2,517,651 thousand yen in long-term advance payments - trade.

(Current liabilities)

As of the end of the current consolidated fiscal year, the balance of current liabilities was 5,696,943 thousand yen, an increase of 1,842,031 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,941,324 thousand yen in contract liabilities, while short-term borrowings increased by 3,089,806 thousand yen.

(Non-current liabilities)

As of the end of the current consolidated fiscal year, the balance of non-current liabilities was 26,834,526 thousand yen, an increase of 10,507,896 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of 10,257,234 thousand yen in long-term borrowings.

(Net assets)

At the end of the fiscal year, the balance of Net assets was 15,173,485 thousand yen, an increase of 8,165,898 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 9,177,862 thousand yen each in Common stock and Capital reserve, while Retained earnings decreased by 8,152,112 thousand yen due to the recording of net loss attributable to owners of the parent company.

(3) Overview of Cash Flows for the Period

Cash and cash equivalents (hereinafter referred to as "funds") for the fiscal year ended increased by 16,573,053 thousand yen compared to the end of the previous fiscal year, reaching 29,690,611 thousand yen at the end of the current fiscal year.

The cash flows for the fiscal year and their respective factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 13,568,357 thousand yen (compared to 12,049,809 thousand yen used in the previous fiscal year). This was mainly due to a loss before income taxes of 8,142,931 thousand yen and an increase in long-term advance payments - trade of 3,636,031 thousand yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities was 1,825,606 thousand yen (compared to 2,671,770 thousand yen used in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 2,060,756 thousand yen.

(Cash flows from financing activities)

Funds obtained as a result of financing activities amounted to 31,447,837 thousand yen (compared to 10,423,789 thousand yen in the previous consolidated fiscal year). This was mainly due to proceeds from issuance of shares of 18,195,411 thousand yen, among other factors.

(4) Future Outlook

Our group is concurrently developing multiple missions at both our Japan and US locations. Specifically, in Japan, we are advancing Mission 3, which is eligible for SBIR Subsidies of 12 billion yen and is scheduled for launch in 2028, as well as Mission 4, which has been selected for the second phase of the Space Strategy Fund and for which development has been decided to begin, with a planned launch in 2029. In addition, Mission 5, which is currently under development at our US entity and has been selected for NASA payload transportation, is scheduled for launch in 2030.

While developing multiple missions in this manner, the majority of project revenue for the fiscal year ending March 2027 is expected to continue to come from payload services, with Mission 3 serving as the main driver. In addition, revenue recognition is also expected from Mission 4, which is scheduled to begin development.

SG&A expenses are expected to increase from the fiscal year ended March 31, 2026. This is mainly due to an increase in research and development expenses accompanying the full-scale development of the three missions aimed at commercialization, as well as an expected increase in HR expenses due to an increase in personnel. Regarding net income (loss) for the period, although a portion of the development expenses for Mission 3 and Mission 4 will be offset by subsidy income recorded as non-operating income, losses are expected to increase compared to the fiscal year ended March 31, 2026, due to the absence of foreign exchange gains recorded in the fiscal year ended March 2026 and factors related to Mission 5, among others.

In the "Financial Results for the Fiscal Year Ended March 2026" disclosed today, we have presented our own calculated figures for "Project Revenue," which is the sum of accounting Net sales and income from SBIR Subsidies. Currently, SBIR Subsidies are, by definition, recorded as non-operating income, as they are considered "non-core business income," and the same treatment is expected for the Space Strategy Fund. On the other hand, contracts with other national space agencies, etc., are recorded as Net sales. Since there is no consistency in the treatment of contracts with governments and government space agencies, we have provided the aggregated figure as "Project Revenue" for reference purposes. In the current consolidated fiscal year, SBIR Subsidy income related to Mission 3 and Space Strategy Fund income related to Mission 4 account for a significant portion of total income in the Statement of income. We believe that "Project Revenue" is a useful indicator for understanding the actual growth of our business. For example, while Net sales for the fiscal year ended March 31, 2026 and the forecast for Net sales for the fiscal year ending March 2027 are expected to be at similar levels, as mentioned above, when comparing "Project Revenue," which includes subsidy income, we expect an increase of approximately 50%. For details on revenue forecasts based on Project Revenue, please refer to the "Financial Results Presentation for the Fiscal Year Ended March 2026" disclosed on the same day.

In this environment, for the next fiscal year (fiscal year ending March 2027), the consolidated earnings forecast is as follows: project revenue of 9,000 million yen (up 50.8% YoY), net sales of 3,300 million yen (down 0.2% YoY), operating loss of 11,700 million yen (operating loss of 11,580 million yen in the previous year), ordinary loss of 13,000 million yen (ordinary loss of 8,141 million yen in the previous year), and net loss attributable to owners of the parent of 13,000 million yen (net loss attributable to owners of the parent of 8,152 million yen in the previous year) are expected.

Also, the above forecasts are based on information available as of the date of this announcement, and actual results may differ from the forecast figures due to various factors in the future.

(5) Significant events regarding the assumption of a going concern

The space-related business to which our group belongs is expected to continue expanding globally at an accelerating pace, and there is an urgent need to establish the necessary technologies to respond to the trends in this industry.

As we are engaged in the development of space-related equipment, which requires significant upfront research and development investment and long development periods, the Company has not yet been able to record sufficient revenue to offset these development investments at this time.

As a result, the company has recorded continuous operating losses and negative operating cash flows, and as of the end of the fiscal year, there are events or conditions that raise significant doubt about the company's ability to continue as a going concern.

Until the relevant events or circumstances are resolved and stable operating revenue is generated, we are addressing the following matters as important issues.

However, as measures are being implemented to resolve the relevant significant events, it has been determined that there is no material uncertainty regarding the going concern assumption.

(i) Promotion of research and development

For Mission 3, which will use a new commercial model in Japan, Mission 4, for which development was decided upon selection by the Space Strategy Fund, and Mission 5, which will be our first launch in the United States, we will steadily advance the development of landers and rovers by securing launch opportunities with launch service providers while strictly managing the development schedule, development costs, and development quality.

(ii) Development of customers

The landers and rovers necessary for our company to generate operating revenue are still under development. In addition, the market in which we expect to generate operating revenue is currently in its nascent stage globally. While we have already identified potential orders from customers for Missions 3 through 5, we will continue to develop a sustainable customer market over the medium to long term in order to stabilize operating revenue.

(iii) Securing human resources

In order to carry out research and development of landers and rovers, we continuously employ highly specialized and skilled personnel from both Japan and overseas in a wide range of development fields.

In addition, we will continue our efforts to create an environment in which each employee can maximize their abilities within an organization where the number of employees is rapidly increasing.

(iv) Establishment and appropriate operation of internal controls in response to growth

In order to respond to future business operations and business expansion, we will continue to establish and operate internal controls that support our growth, including the development of necessary business processes, financial and accounting systems, labor management, subsidiary management, and security management.

(v) Securing funds for medium- to long-term growth

For our company, in order to achieve stable operating revenue, it is necessary to continuously realize our mission in the future, and it is important to steadily secure the necessary funds for this purpose. Up to now, we have raised funds through the issuance of unsecured convertible-bond-type bonds with share acquisition rights, third-party allotment of shares, borrowings from financial institutions, crowdfunding, and public offerings. Going forward, we will continue to consider timely and flexible fundraising options as needed to promote our mission.

In addition, the Company has entered into a non-life insurance contract with Mitsui Sumitomo Insurance Co., Ltd. for Mission 1 and has received insurance proceeds for Mission 1. The Company recognizes that risk reduction through insurance is one means of ensuring financial soundness, and is considering the use of insurance for Mission 3 and beyond. However, for Mission 2, as it falls outside the scope of insurance coverage, we haven't received insurance proceeds.

Regarding borrowings from financial institutions, loan agreements totaling 7.5 billion yen were concluded with multiple banks in the fiscal year ended March 2024, and loan agreements totaling 19.3 billion yen, including refinancing, were concluded with multiple banks in the fiscal year ended March 2025. In addition, loan agreements totaling 15.5 billion yen were also concluded during the fiscal year ended March 2026..

Regarding capital raising, in October 2024, we entered into an Equity Program Agreement with CVI Investments, Inc. and issued new shares and stock acquisition rights through a third-party allotment. In addition, from October to November 2025, we conducted a public offering and a third-party allotment of new shares, as well as a secondary offering through over-allotment of our shares, and the payment has been completed.

2. Basic policy regarding the selection of accounting standards

Our group prepares consolidated financial statements in accordance with Japanese standards, taking into consideration comparability with other companies.

Regarding the application of International Financial Reporting Standards, we intend to respond appropriately while taking into consideration both domestic and international circumstances.

3. Consolidated Financial Statements and Main Notes (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	13,117,557	29,690,611
Accounts receivable - trade	1,544,814	28,333
Advance payments - trade	3,620,712	3,991,994
Work in process	255,886	28,902
Other	562,552	644,771
Allowance for doubtful accounts	(33,573)	-
Total current assets	19,067,950	34,384,613
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	31,100	925,563
Tools, furniture and fixtures	865,968	1,217,455
Right-of-use assets	285,821	196,128
Construction in progress	4,011,915	5,407,758
Other	6,899	6,899
Accumulated depreciation	(342,287)	(535,462)
Total property, plant and equipment	4,859,419	7,218,344
Intangible assets		
Software	88,064	54,270
Other	1,018	930
Intangible	89,083	55,200
Investments and other assets		
Long-term advance payments - trade	2,997,900	5,515,551
Other	174,775	531,245
Total investments and other assets	3,172,676	6,046,797
Total non-current assets	8,121,179	13,320,342
Total assets	27,189,129	47,704,955

(Unit: Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Short-term borrowings	-	3,089,806
Contract liabilities	2,695,528	754,204
Provision for loss on orders received	106,005	-
Provision for share-based compensation	11,628	22,737
Other	1,041,749	1,830,195
Total current liabilities	3,854,912	5,696,943
Non-current liabilities		
Long-term borrowings	16,096,275	26,353,510
Provision for share-based compensation	1,335	62,272
Other	229,018	418,743
Total non-current liabilities	16,326,629	26,834,526
Total liabilities	20,181,542	32,531,470
Net assets		
Shareholders' equity		
Common stock	11,542,332	20,720,194
Deposits for subscriptions of shares	18,508	3,239
Capital surplus	11,449,310	20,627,172
Retained earnings	(16,927,703)	(25,079,815)
Treasury stock	(65)	(65)
Total shareholders' equity	6,082,382	16,270,727
Accumulated other comprehensive income		
Foreign currency translation adjustment	815,926	(1,206,460)
Total accumulated other comprehensive income	815,926	(1,206,460)
Stock acquisition rights	109,278	109,218
Total net assets	7,007,587	15,173,485
Total liabilities and net assets	27,189,129	47,704,955

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Unit: Thousands of yen)

	Consolidated fiscal year ended March 31, 2025	Consolidated fiscal year ended March 31, 2026
Net sales	4,743,238	3,307,092
Cost of sales	2,498,705	6,160,437
Gross profit (loss)	2,244,532	(2,853,344)
Selling, general and administrative expenses		
Research and development expenses	7,730,999	3,928,864
Salaries and allowances	1,522,199	1,844,094
Other	2,786,476	2,953,759
Total selling, general and administrative expenses	12,039,675	8,726,719
Operating income (loss)	(9,795,143)	(11,580,063)
Non-operating income		
Interest income	95,753	140,901
Government subsidy income	228,639	2,583,796
Foreign exchange gains	-	2,742,251
Miscellaneous income	82,597	4,865
Other	0	0
Total non-operating income	406,991	5,471,815
Non-operating expenses		
Interest expense	920,442	1,816,406
Foreign exchange losses	644,231	-
Share issuance costs	-	64,064
Financing expenses	374,888	144,398
Other	6,781	8,398
Total non-operating expenses	1,946,343	2,033,267
Ordinary loss	(11,334,495)	(8,141,515)
Extraordinary income		
Gain on reversal of share acquisition rights	429	-
Total extraordinary income	429	-
Extraordinary losses		
Loss on retirement of non-current assets	1,562	1,416
Impairment loss	621,083	-
Total extraordinary losses	622,646	1,416
Loss before income taxes and other adjustments (-)	(11,956,713)	(8,142,931)
Income taxes - current	(11,573)	9,180
Total income taxes	(11,573)	9,180
Net loss (-)	(11,945,139)	(8,152,112)
Net loss attributable to owners of the parent (-)	(11,945,139)	(8,152,112)

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Consolidated fiscal year ended March 31, 2025	Consolidated fiscal year ended March 31, 2026
Net loss (-)	(11,945,139)	(8,152,112)
Other comprehensive income (loss)		
Foreign currency translation adjustment	1,546,951	(2,022,386)
Total other comprehensive income (loss)	1,546,951	(2,022,386)
Comprehensive income	(10,398,187)	(10,174,498)
(Breakdown)		
Comprehensive income attributable to owners of parent	(10,398,187)	(10,174,498)

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: Thousands of yen)

	Shareholders' equity				
	Common stock	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury stock
Balance at the beginning of the period	7,775,500	-	7,682,478	(4,982,563)	(65)
Changes during period					
Net loss attributable to owners of the parent (-)				(11,945,139)	
Issuance of new shares	3,492,500		3,492,500		
Restricted stock compensation	220,578		220,578		
Issuance of share acquisition rights					
Exercise of stock acquisition rights	53,753		53,753		
Forfeiture of share acquisition rights					
Payment for deposits for subscriptions of shares		18,508			
Changes during period (net) for items other than shareholders' equity					
Total changes during period	3,766,831	18,508	3,766,831	(11,945,139)	-
Balance at end of period	11,542,332	18,508	11,449,310	(16,927,703)	(65)

	Shareholders' equity	Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	10,475,350	(731,024)	(731,024)	930	9,745,256
Changes during period					
Net loss attributable to owners of the parent (-)	(11,945,139)				(11,945,139)
Issuance of new shares	6,985,000				6,985,000
Restricted stock compensation	441,156				441,156
Issuance of share acquisition rights	-			108,872	108,872
Exercise of stock acquisition rights	107,507			(95)	107,411
Forfeiture of share acquisition rights	-			(429)	(429)
Payment for deposits for subscriptions of shares	18,508				18,508
Changes during period (net) for items other than shareholders' equity	-	1,546,951	1,546,951		1,546,951
Total changes during period	(4,392,967)	1,546,951	1,546,951	108,348	(2,737,668)
Balance at end of period	6,082,382	815,926	815,926	109,278	7,007,587

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Unit: Thousands of yen)

	Shareholders' equity				
	Common stock	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury stock
Balance at the beginning of the period	11,542,332	18,508	11,449,310	(16,927,703)	(65)
Changes during period					
Net loss attributable to owners of the parent (-)				(8,152,112)	
Issuance of new shares	9,129,737		9,129,737		
Restricted stock compensation	21,997		21,997		
Issuance of share acquisition rights					
Exercise of stock acquisition rights	26,127	(52,496)	26,127		
Forfeiture of share acquisition rights					
Payment for deposits for subscriptions of shares		37,228			
Changes during period (net) for items other than shareholders' equity					
Total changes during period	9,177,862	(15,268)	9,177,862	(8,152,112)	
Balance at end of period	20,720,194	3,239	20,627,172	(25,079,815)	(65)

	Shareholders' equity	Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	6,082,382	815,926	815,926	109,278	7,007,587
Changes during period					
Net loss attributable to owners of the parent (-)	(8,152,112)				(8,152,112)
Issuance of new shares	18,259,475				18,259,475
Restricted stock compensation	43,994				43,994
Issuance of share acquisition rights	-				-
Exercise of stock acquisition rights	(241)			(59)	(301)
Forfeiture of share acquisition rights	-				-
Payment for deposits for subscriptions of shares	37,228				37,228
Changes during period (net) for items other than shareholders' equity	-	(2,022,386)	(2,022,386)		(2,022,386)
Total changes during period	10,188,344	(2,022,386)	(2,022,386)	(59)	8,165,898
Balance at end of period	16,270,727	(1,206,460)	(1,206,460)	109,218	15,173,485

(4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Consolidated fiscal year ended March 31, 2025	Consolidated fiscal year ended March 31, 2026
Cash flows from operating activities		
Loss before income taxes and other adjustments (-)	(11,956,713)	(8,142,931)
Depreciation	162,364	228,057
Impairment loss	621,083	-
Government subsidy income	(228,639)	(2,583,796)
Interest expense	920,442	1,816,406
Foreign exchange loss	656,834	(2,753,055)
Financing expenses	374,888	131,542
Share issuance costs	-	64,064
Share-based payment expenses	454,119	116,039
Decrease (increase) in trade receivables	(1,468,699)	1,438,558
Decrease (increase) in advance payments to suppliers	1,916,244	1,031,809
Increase (decrease) in long-term advance payments - trade (- indicates increase)	(1,257,103)	(3,636,031)
Increase (decrease) in contract liabilities	(669,684)	(1,886,786)
Increase (decrease) in provision for loss on orders received	105,656	(108,880)
Increase (decrease) in allowance for doubtful accounts	32,312	(31,790)
Other	(1,107,384)	(93,406)
Subtotal	(11,444,276)	(14,410,200)
Subsidies received	228,639	2,583,796
Interest and dividends received	95,754	140,901
Interest paid	(925,620)	(1,873,675)
Income taxes paid	(4,305)	(9,180)
Cash flows from operating activities	(12,049,809)	(13,568,357)
Cash flows from investing activities		
Purchase of property and equipment	(2,440,499)	(2,060,756)
Purchase of intangible assets	(85,811)	(9,009)
Other	(145,459)	244,159
Cash flows from investing activities	(2,671,770)	(1,825,606)
Cash flows from financing activities		
Proceeds from short-term borrowings	5,000,000	500,000
Repayments of short-term borrowings	(12,704,274)	-
Proceeds from long-term borrowings	13,969,718	15,000,000
Repayment of long-term borrowings	(3,017,691)	(2,152,958)
Proceeds from issuance of shares	6,985,000	18,195,411
Proceeds from issuance of share acquisition rights	108,872	-
Proceeds from payments for deposits for subscriptions of shares	18,508	3,239
Proceeds from issuance of shares resulting from exercise of share acquisition rights	107,411	33,687
Expenditure due to financing expenses	(47,606)	(131,542)
Other	3,851	-
Cash flows from financing activities	10,423,789	31,447,837
Effect of exchange rate change on cash and cash equivalents	582,454	519,181
Increase (decrease) in cash and cash equivalents	(3,715,335)	16,573,053
Cash and cash equivalents at the beginning of the period	16,832,893	13,117,557
Cash and cash equivalents at end of the period	13,117,557	29,690,611

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no applicable items.

(Notes on significant accounting estimates)

1. Impairment of non-current assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year

(Unit: Thousands of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Property, plant and equipment (After recording impairment loss)	4,859,419	7,218,344
Intangible assets (After recording impairment loss)	89,083	55,200
Impairment loss	621,083	-

The Group determines whether it is necessary to recognize impairment losses for asset groups when indications of impairment are identified, such as when operating profit or cash flows from operating activities have been continuously negative. During the current consolidated fiscal year, the Group reviewed its asset grouping based on the actual status of business management and the interrelationship of cash flows. Whereas previously the Company and ispace Ops Japan Co., Ltd. had been treated as a single asset group and ispace EUROPE S.A. and ispace technologies U.S., inc. had each been treated as separate asset groups for impairment assessment, the Group has changed its method from the current consolidated fiscal year to assess impairment by treating the entire Group as one asset group.

(2) Information regarding the content of significant accounting estimates related to identified items

If there are indications of impairment for non-current assets, it is necessary to determine whether to recognize an impairment loss by comparing the total undiscounted future cash flows expected to be generated from the asset group with the carrying amount. If it is determined that recognition of an impairment loss is necessary, the carrying amount is reduced to the recoverable amount, and the amount of the reduction is recognized as an impairment loss. The estimates of future cash flows before discounting, which are used to determine the necessity of recognizing impairment loss, are based on business plans and include assumptions regarding the timing and amount of revenue recognition based on contracts with customers.

(3) Impact on the consolidated financial statements for the following fiscal year

If the timing and amount of revenue recognition in subsequent consolidated fiscal years differ significantly, it may affect the impairment loss in the following consolidated fiscal year.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

At the Board of Directors meeting held on October 6, 2025, the Company resolved to issue new shares through a public offering and a third-party allotment, as well as to conduct a secondary offering of shares through over-allotment. The terms were determined on October 15, 2025. Payment for the new shares issued through the public offering and third-party allotment was completed on October 21, 2025. In addition, payment for the new shares issued through the third-party allotment related to the secondary offering by over-allotment was completed on November 13, 2025.

As a result, Common stock and Capital reserve each increased by 9,129,737 thousand yen.

(Notes on Consolidated Balance Sheet)

1. Financial Covenants

Previous consolidated fiscal year (March 31, 2025)

(1) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to financial covenants as described below.

Contract on November 10, 2023 (Balance at the end of the fiscal year: 1,331,730 thousand yen)

(i) To maintain the total amount of consolidated net assets stated in the consolidated balance sheet as of the end of each quarterly consolidated fiscal period at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each quarterly consolidated fiscal period at 3 billion yen or more.

(2) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to the following financial covenants.

Contract on April 25, 2024 (Balance at the end of the fiscal year: 1,964,545 thousand yen)

(i) To maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(3) Among the borrowings at the end of the fiscal year, the syndicated loan agreements concluded between the Company and multiple financial institutions are subject to the following financial covenants.

Contract on July 26, 2024 (Balance at the end of the fiscal year: 10,000,000 thousand yen)

(i) To maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(4) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to the following financial covenants.

Contract as of March 31, 2025 (Balance at the end of the fiscal year: 1,400,000 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

Current consolidated fiscal year ended March 31, 2026

(1) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its financial institutions are subject to the following financial covenants.

Contract on November 10, 2023 (Balance at the end of the fiscal year: 1,189,806 thousand yen)

(i) To maintain the total amount of consolidated net assets stated in the consolidated balance sheet as of the end of each quarterly consolidated fiscal period at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each quarterly consolidated fiscal period at 3 billion yen or more.

(2) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to the following financial covenants.

Contract on April 25, 2024 (Balance at the end of the fiscal year: 1,851,269 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(3) Among the borrowings at the end of the fiscal year, the syndicated loan agreements concluded between the Company and multiple financial institutions are subject to the following financial covenants.

Contract on July 26, 2024 (Balance at the end of the fiscal year: 8,206,240 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(4) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to the following financial covenants.

Contract as of March 31, 2025 (Balance at the end of the fiscal year: 1,400,000 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(5) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to the following financial covenants.

Contract dated May 14, 2025 (Balance at the end of the fiscal year: 4,896,000 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

(6) Among the borrowings at the end of the fiscal year, the loan agreements concluded between the Company and its banks are subject to financial covenants as described below.

Contract on May 23, 2025 (Balance at the end of the fiscal year: 10,000,000 thousand yen)

(i) Maintain the total amount of Net assets stated in the consolidated Balance sheet as of the end of each fiscal year at a positive value.

(ii) To maintain the total amount of cash and deposits recorded in the consolidated balance sheet at the end of each fiscal year at 3 billion yen or more.

2. Assets pledged as collateral

"Other" under Investments and other assets includes collateral assets of 191,856 thousand yen related to the guarantee for the return of advances received under the contract with Taiwan Space Agency (TASA).

(Segment Information, etc.)

[Segment Information]

As the Company operates a single segment, the lunar development business, segment information is omitted.

(Per share information)

	Previous consolidated fiscal year From April 1, 2024 until March 31, 2025	Current consolidated fiscal year From April 1, 2025 Until March 31, 2026
Net assets per share	65.1 yen	103.01 yen
Net loss per share (-)	124.32 yen	65.96 yen

(Note) 1. Diluted earnings per share is not presented because there was a net loss per share for the period.

2.1 The basis for calculating net loss per share is as follows.

	Previous consolidated fiscal year (From April 1, 2024 Until March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 Until March 31, 2026)
Net loss attributable to owners of the parent (-) (thousand yen)	(11,945,139)	(8,152,112)
Amount not attributable to common shareholders (thousand yen)	-	-
Attributable to owners of parent company related to common shares Net loss (-) (thousand yen)	(11,945,139)	(8,152,112)
Average number of common shares (shares)	96,085,864	123,596,240
Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	12 types of stock acquisition rights Number of stock acquisition rights: 257,417 (Common shares: 13,948,340 shares)	10 types of stock acquisition rights Number of stock acquisition rights: 206,785 (Common shares: 12,935,700 shares)

(Significant Subsequent Events)

Recording of losses related to advance payments - trade and implementation of workforce optimization

ispace technologies U.S., inc., a consolidated subsidiary of our company, is a U.S. corporation with a fiscal year ending in December. The following events that occurred after the most recent fiscal year-end of this subsidiary, December 31, 2025, are disclosed as Significant Subsequent Events.

At the Board of Directors meeting held on March 27, 2026, the Company reviewed transactions related to the lander under development at ispace technologies U.S., inc. in conjunction with the rescheduling of the U.S. mission. As a result, it has become highly likely that services from related vendors for parts intended for use in the lander under development will not be provided, and refunds for the advance payments - trade are also not expected. Accordingly, after reassessing the asset value of these advance payments - trade, we have determined that a loss is expected to be recorded.

Accordingly, we expect to record a loss of 3,688,546 thousand yen (converted at the exchange rate as of the end of March 2026) related to the said advance payments - trade. In addition, we have decided to implement personnel optimization in line with the review of the development structure, and expect to incur retirement payments of 96,169 thousand yen as a result.

These expenses are scheduled to be recorded in the first quarter of the fiscal year ending March 2027, and are not reflected in the consolidated financial statements for the current fiscal year.