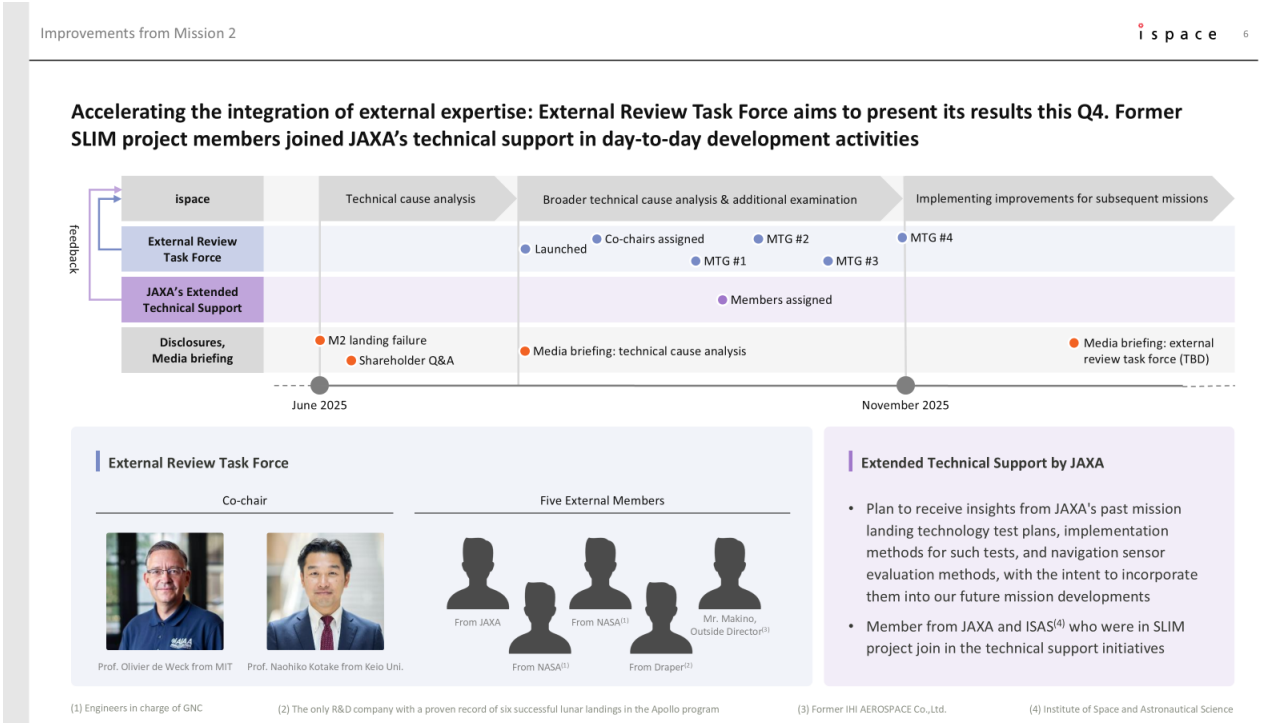
ispace inc.

Transcript of Financial Results Briefing for Q2 of Fiscal Year Ending March 2026

November 17, 2025

Jumpei Nozaki: Hello, this is Nozaki, CFO & Executive Business Director of ispace. Thank you for joining our Q2 financial results briefing.

First, I would like to provide an overview of the business highlights, starting with an update on the status of each ongoing mission.



Let me begin with Mission 2. Soon after the lunar landing result on June 6, ispace engineers worked on technical cause analysis and identified that the cause of the hard landing in Mission 2 was related to a sensor called a laser range finder, which measures altitude.

We have already decided to replace the landing sensor with a more reliable one with a proven track record in the Moon environment for Mission 3 and beyond, and the procurement contract up to Mission 4 has been completed. We will also add image-based navigation to increase the redundancy of the landing sensor.

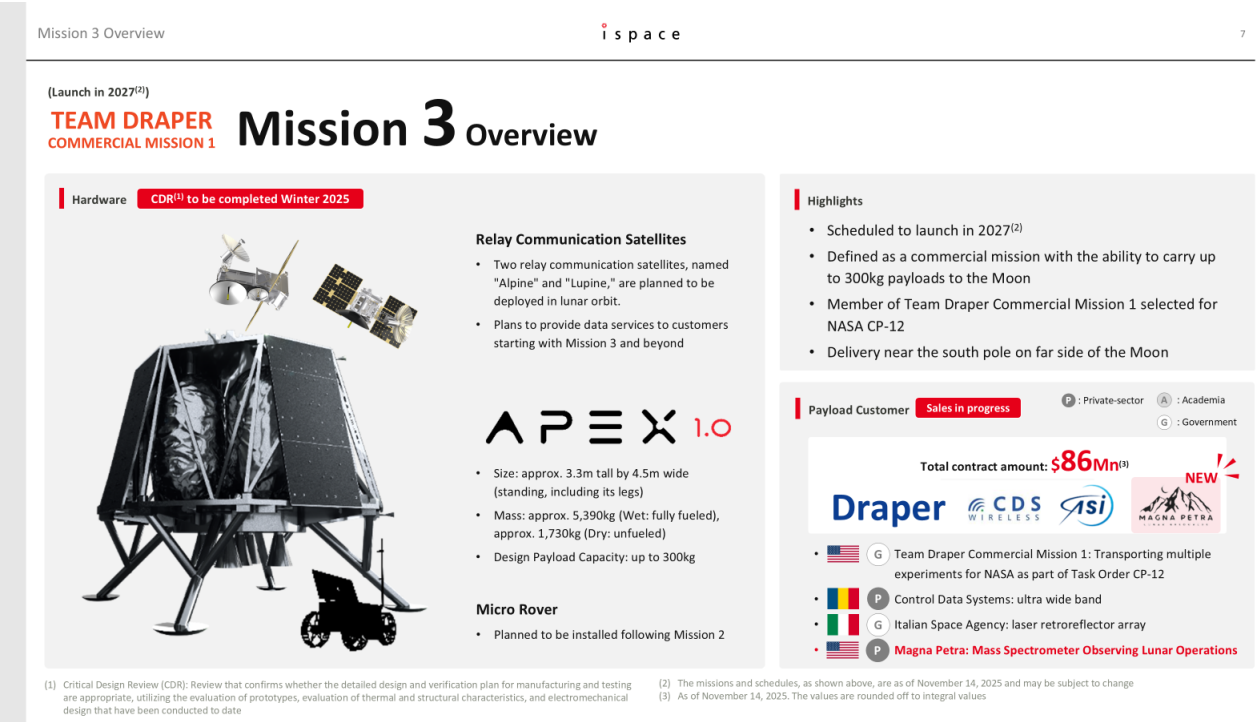
In addition to our own improvement initiatives, broader enhancement efforts are progressing smoothly. These include an “External Review Task Force” involving external experts and “Extended Technical Support from JAXA.”

Regarding the Task Force, under the co-chairs announced during the previous Q1 financial announcement, other external members have also participated, and in total four meetings have already been taken place.

The external members include a JAXA expert in space engineering, NASA experts specializing in Guidance, Navigation and Control, and Mr. Takashi Makino, former president of IHI Aerospace and an outside director of ispace.

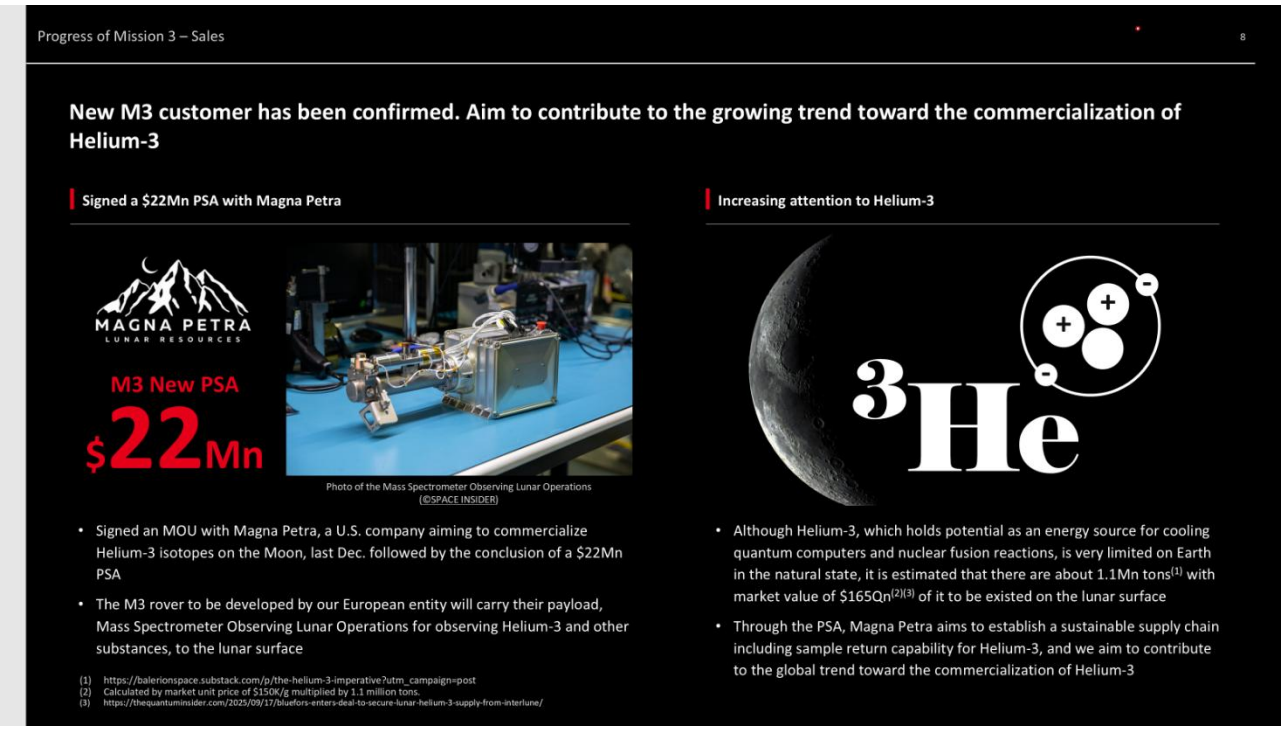
As for JAXA’s technical support, it was confirmed that members involved in the SLIM project from JAXA and the Institute of Space and Astronautical Science will participate.

We aim to hold a briefing session around this Q4 to present the outcomes of the discussions conducted within the External Review Task Force, once we have confirmed that tangible progress has been made. Details will be shared with you when they are finalized.



Mission 3 has made significant progress on the sales side.

We have finalized a new $22 million USD payload service agreement with Magna Petra, a U.S. company aiming to commercialize Helium-3 isotopes on the Moon. This brings the total contract value for Mission 3 to $86 million USD, up from $64 million USD.



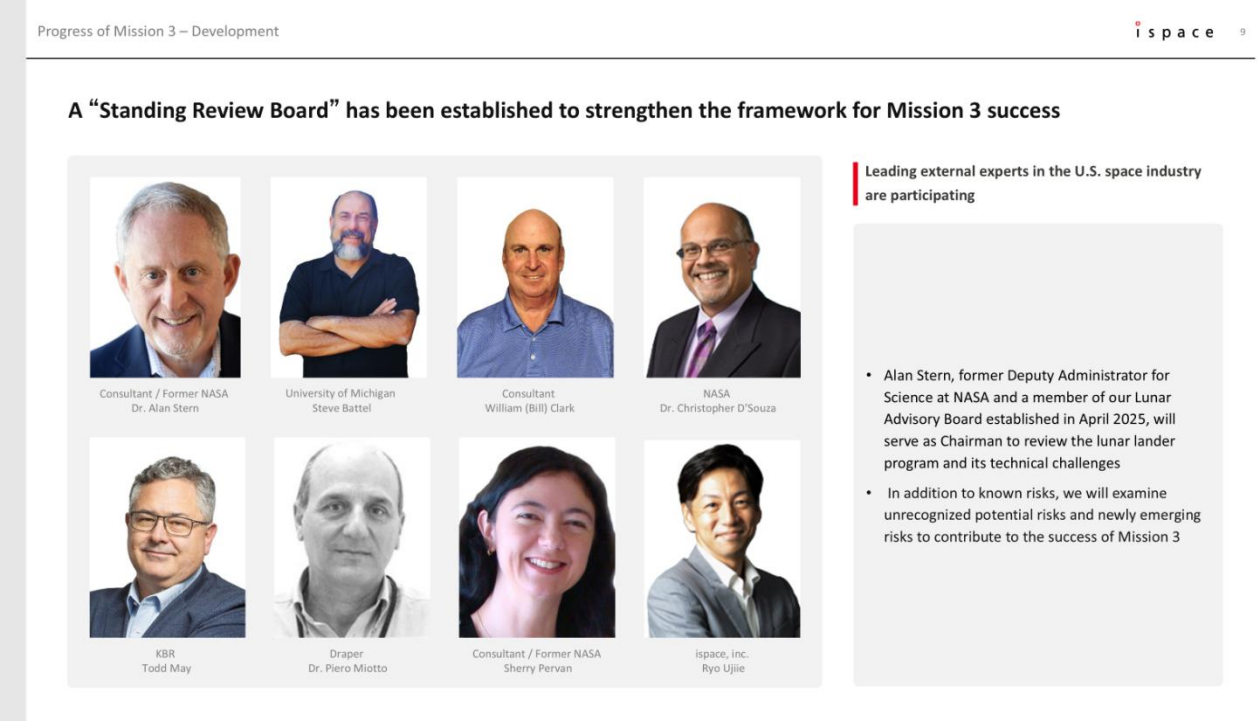
The Mission 3 rover to be developed by our European entity will carry the mass spectrometer for observing Helium-3 and other substances, to the lunar surface.

Helium-3 is a revolutionary resource, which holds potential as an energy source for cooling quantum computers and

nuclear fusion reactions. However, only extremely limited quantities exist on Earth.

Its market price is estimated to be more than $150 thousand USD per gram, and due to its rarity and high value, the U.S. Department of Energy has agreed to purchase future mined Helium-3 from a private company. It is estimated that as much as one million tons exist on the lunar surface.

Magna Petra aims to establish a sustainable supply chain including sample return capability for Helium-3 together with ispace, and we also aim to contribute to the global trend toward the commercialization of lunar Helium-3 resources through this payload transportation.



On the development side, we have recently established a Standing Review Board, bringing together external experts representing the U.S. space industry to review our missions and technical challenges. We will strive to enhance technical quality to ensure the success of Mission 3.

(Launch in 2028[1])

METI SBIR Mission Mission 4 Overview

Hardware PDR[2] in progress

SERIES 3 LANDER (3)

- Size: Approx. 3.6m tall by 3.3m wide (standing, including its legs)
- Mass: Approx. 1,000kg (Dry: unfueled)
- Design Payload Capacity: up to hundreds of kg

Highlights

- Scheduled for launch in 2028[1]
- Part of mission costs supported by the grant of $81Mn[4] representing the largest budget size[5] under the SBIR program[6][7]. (Began recognizing as non-operating income starting from FY2025/3 and planned to be recorded in a lump sum at the end of each fiscal year)

Payload Customer Sales in progress

P : Private-sector A : Academia G : Government

Total contract amount: $40Mn[8]

NEW

Institute of Science Tokyo: lunar orbit satellite

*This is the payload in relation to the awarded project called "Development and demonstration of lunar water resource exploration technology (sensing technology)" for 1st phase of SSF

Taiwan Space Agency (TASA): Vector Magnetometer and Ultraviolet Telescope

(1) It was originally agreed with the the Ministry of Economy, Trade and Industry and the SBIR Secretariat that the launch would be within 2027, but as of Nov. 14, 2025, the launch is expected within 2028 according to our in-house development plan. This change is in the process of being coordinated with the relevant ministries and agencies and the SBIR Secretariat, and the plan change will be officially approved after receiving approval from the Minister of Economy, Trade and Industry.
(2) Preliminary Design Review (PDR): Review to confirm design results against specification values and feasibility of design verification plan
(3) Tentative name and the design of the image is subject to change in the future
(4) As of November 14, 2025. The amount is calculated using a TTM rate for currency conversion as of August 31, 2025
(5) As of November 14, 2025
(6) We were selected for the SBIR (Small Business Innovation Research) grant by the Ministry of Economy, Trade and Industry. Under the terms of the grant, we will be expected to design, manufacture and assemble a lunar lander with the capability of transporting a minimum payload of 100 kg to the Moon's surface, and then launch and operate the lander by 2027
(7) The grant is expected to be provided along with the payment for development costs for the lander rather than in a lump sum. The grant is expected to be recognized as non-operating income following interim reviews.
(8) Of the total contract amount of ¥5.8Bn, up to ¥4.7Bn is an estimated amount to be received based on the proposal submitted by Institute of Science Tokyo to JAXA, under its ¥6.4Bn project adopted in the second phase of the Space Strategy Fund. The amount is subject to change depending on stage-gate review, and the full amount is not guaranteed to be contracted. The amount is calculated using a TTM rate for currency conversion as of August 31, 2025

Mission 4 also has made progress on the sales side, with the total contract amount currently reaching $40 million USD.

A business contract has been concluded with Institute of Science Tokyo, the lead organization for the project selected under the 1st phase of SSF. The maximum amount expected to receive over the course of the project is $32Mn[(1)(2)]

Institute of SCIENCE TOKYO

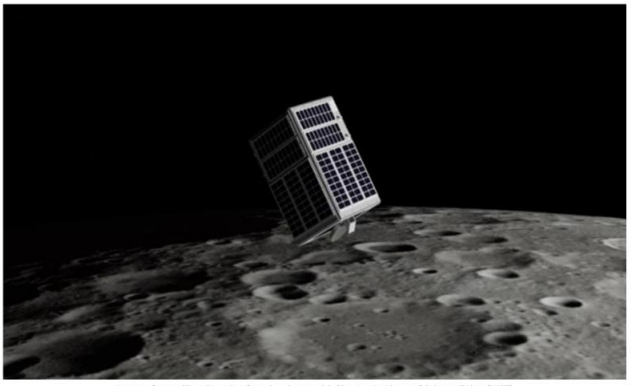


Image of a satellite observing from low lunar orbit (Source: Institute of Science Tokyo/NICT)

The 1st M4 payload is expected to reach a maximum of $32Mn[(1)(2)]

- As disclosed in Apr 2025, the project in which ispace participates as a core partner organization has been selected for the development and demonstration of lunar water resource exploration technology, solicitated by JAXA under the 1st phase of Space Strategy Fund and has been confirmed as the 1st payload for Misson 4
- With the recent execution of a service agreement with Institute of Science Tokyo, the lead organization for the project, our maximum receivable amount has been determined
- The agreement announced in Oct 2025 is expected to be up to $13Mn[(1)(2)]. Including future contracts, our final maximum receivable amount is expected to be **$32Mn**[(1)(2)]

(1) The final contract amount shall be determined upon inspection of the performance report and results report by JAXA and the representative institution, and upon notification of the final contract amount
(2) Calculated using a TTM rate for currency conversion as of August 31, 2025

First, regarding the payload from the Institute of Science Tokyo, which is the recipient of a grant from the first phase of Japan's Space Strategy Fund, our previous disclosures stated that the amount to be received by ispace was "to be determined".

Following the signing of the business contract with the university, it is expected that we will receive up to $32 million USD through the entire project.

Selected for a publicly solicited project by the Taiwan Space Center (TASA). Following M2, we will promote industry-academia-government collaboration between Japan and Taiwan

Photo taken at the MOU signing ceremony held at the 2024 Taiwan International Assembly of Space Science, Technology, and Industry (TASTI) on Dec. 3, 2024. From left, ispace Executive Fellow Saiki, CTO Ujiie, TASA Deputy Director General Mr. Tien-Chuan Kuo, and TASA Supervisor, Office of International Cooperation Dr. Frank Lo

A PSA worth $8Mn has been signed

- ispace has been selected for the lunar transportation project solicited by TASA

Payload	Vector Magnetometer and Ultraviolet Telescope
Contract Amount	$8Mn

- TASA previously signed MOUs with ispace to advance strategic dialogue for future lunar exploration
- ispace has been promoting varied collaboration with Taiwanese industry, academia, and government for lunar missions, including the transportation of National Central University's payload on Mission 2

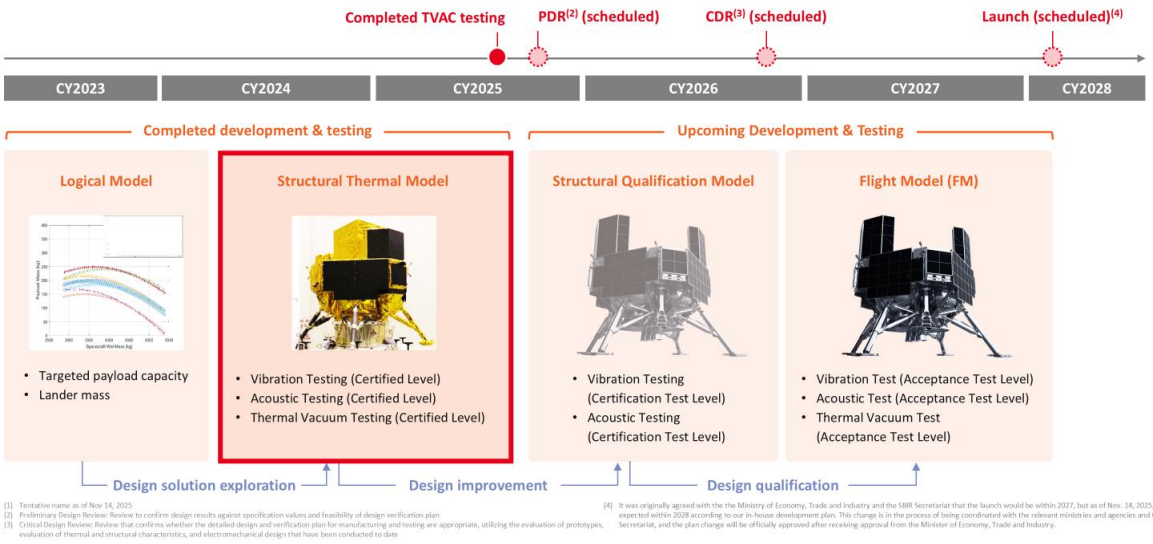
Furthermore, as a recent update, we were selected for a project solicited by the Taiwan Space Agency and have concluded a payload service agreement worth $8 million USD.

During Mission 2, we transported a payload from National Central University of Taiwan, and have since promoted varied collaboration with Taiwan's industry, academia, and government on lunar missions. This agreement represents a continuation of those efforts and serves as a symbol of the strong partnership between Taiwan and ispace.

We remain committed to actively pursuing new customer acquisitions.

Series 3 lander(1) achieved testing milestones to complete upcoming PDR(2). The footage from the facility tour and details of the testing are available in our YouTube channel

(YouTube link: https://youtu.be/BOpt3xeHqZc)



(1) Tentative name as of Nov 14, 2025
(2) Preliminary Design Review: Review to confirm design results against specification values and feasibility of design verification plan
(3) Critical Design Review: Review that confirms whether the detailed design and verification plan for manufacturing and testing are appropriate, utilizing the evaluation of prototypes, evaluation of thermal and structural characteristics, and electromechanical design that have been conducted to date
(4) It was originally agreed with the the Ministry of Economy, Trade and Industry and the SBIR Secretariat that the launch would be within 2027, but as of Nov. 14, 2025, the launch is expected within 2028 according to our in-house development plan. This change is in the process of being coordinated with the relevant ministries and agencies and the SBIR Secretariat, and the plan change will be officially approved after receiving approval from the Minister of Economy, Trade and Industry.

On the development side, thermal vacuum testing using the Series 3 lander's thermal structure model has been completed, and development is progressing smoothly toward the upcoming PDR completion.

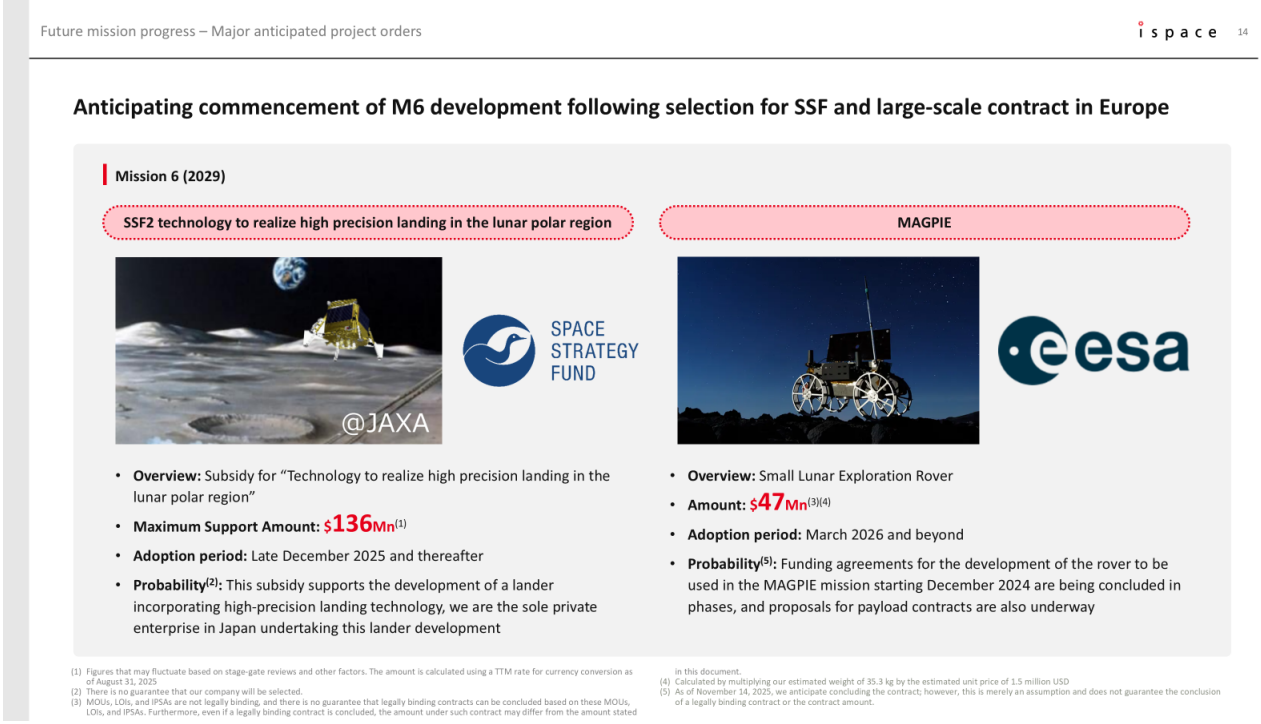
Going forward, we plan to conduct further preliminary verifications, including the manufacturing of the structural qualification model in the next fiscal year, as we move toward the production of the flight model in 2027 and the launch in early 2028.

The thermal structure model was assembled and tested at JAXA's facility in Tsukuba, Japan. We recently held a facility tour for our business partners, government officials, financial institutions, and media representatives, during which about 200 attendees had the opportunity to view the actual thermal-structural model.

Development of the Series 3 lander is supported by a $81 million USD grant through METI's SBIR program. An official from METI attended the facility tour and conveyed strong governmental support.

During the "JAXA Tsukuba Space Center Special Open House" held on November 8th, over 2,000 visitors viewed part of our thermal structural model and shared many messages of support.

Footage from the facility tour and details of the thermal vacuum testing are also available on our YouTube channel. For more information, please refer to the announcement posted on our IR site on November 9th.



Now, let's move on to the future missions.

In Japan, we have submitted a bid for the 2nd phase of Japan's Space Strategy Fund, specifically for the theme "Technology to realize high precision landing in the lunar polar region" which is eligible for a grant up to $136 million USD. The selection announcement is scheduled for late this year or early January of next year. If selected, this will mark an official start of our Mission 6.

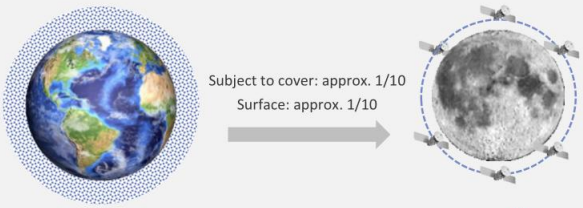
Furthermore, in Europe, the MAGPIE project—involving the development and transportation of a small lunar exploration rover to the Moon in collaboration with the European Space Agency (ESA)—is already progressing in phases. Ultimately, we aim to secure a contract worth approx. $47 million USD for this project, also as part of Mission 6.

Please stay tuned for the upcoming announcement regarding Mission 6.

Leveraging our established technologies, plan to develop Orbital Transfer Vehicles to meet the growing demand for satellite transportation to lunar orbit, driven by the urgent need for lunar Space Situational Awareness (SSA)

Orbital Transfer Vehicle (OTV)

Rapidly growing demand for lunar orbit satellites



Currently more than **20,000** satellites

Currently only **6** satellites
(Potential of demand for more than **200**[1] satellites)

- There are more than 20,000 satellites moving around earth orbit, it becomes **crucial infrastructure in terms of telecommunications, positioning and SSA**
- OTV we plan to develop is estimated to be able to deliver **more than 1 ton of large payload** per mission
- OTV can be developed as derivatives of the transport technologies we have already established for reaching lunar orbit, and we aim to introduce them **as early as 2029**

(1) Since the Moon's surface area is about one-tenth that of Earth, assuming the same number of satellites per unit area for lunar orbit as for Earth orbit, and estimate the subject to cover the surface of the moon is about one-tenth that of the earth, the figure would be calculated by formulae of : Earth orbit satellites (20,000+) × 1/10 ×1/10

We have also announced our consideration to enter a new business lineup.

In our two previous missions, we have already successfully demonstrated technologies for reaching lunar orbit, including hardware design, orbital design capabilities, and technologies such as attitude and velocity control.

Leveraging these established technologies, we consider developing Orbital Transfer Vehicles called OTVs, primarily designed to transport payloads from Earth to lunar or Martian orbits.

What transport needs exist for lunar orbit? Well, while approx. 20,000 satellites currently orbit Earth, only six satellites are in lunar orbit. We foresee a need for over 200 satellites in lunar orbit for communications, positioning, and SSA (Space Situational Awareness) purposes.

Through OTV development, we aim to provide a service efficiently transporting over one ton of payload per mission to lunar orbit, positioning this as one of our key growth drivers.

A substantial global demand for satellite transportation to lunar orbit is already emerging, and further growth in this market is expected

Orbital Transfer Vehicle (OTV)

SPACE STRATEGY FUND

- JAXA SSF 2nd phase "technology to realize flexible spatial mobility" (maximum support amount: $204Mn[1][2]
- The theme covers not only transport needs to lunar orbit but also Earth-orbit needs (low– and medium-Earth orbit as well as geostationary orbit) and deep-space exploration needs for Mars, asteroids, etc.

TELESPAZIO a LEONARDO and THALES company

- Signed LOI[2] with Telespazio, which engages in ESA Moonlight Lunar Navigation and Communication Services (LNCS) program, for delivering **total of 2-3 tons of satellites (total of 5 satellites weigh about 400-600kg)**
- Launch is divided into 2 phases, aiming for establishing basic infrastructure to support lunar exploration

(1) Figures subject to change based on stage gate reviews and other factors
(2) There is no guarantee of us winning the contract even if we have decided to apply. The support amount is calculated using a telegraphic transfer middle rate for currency conversion as of August 31, 2025
(3) https://ssl4.eir-parts.net/doc/9348/tdnet/2691737/00.pdf. The LOI is not legally binding, and there is no guarantee of signing legally binding contract based on LOI

We have already submitted a bid for the second phase of the Space Strategy Fund, with a maximum support amount of $204 million USD, under the theme "Technology to realize flexible spatial mobility". Furthermore, we have signed an LOI with Italy's Telespazio to transport large satellites of approx. 2-3 tons into lunar orbit.

Japan: Agreement with Toyota Motor signed to support our Next-Generation Small-Sized Rover development

SORATO Rover
The rover developed by ispace through HAKUTO project. Weight: X kg

Micro rover
The rover developed by our European entity for M2. Weight: 5 kg

Next-Generation compact rover
A rover planned for further enhanced functionality and larger size, which our company intends to develop with support from Toyota

TOYOTA
Technical evaluation and quality improvement support to ispace

ispace

Actively collaborating with other companies to realize future private-sector-led lunar development

- Receive support from Toyota Motor, which is jointly researching and developing the "manned pressurized rover (referred to as the Lunar Cruiser at Toyota Motor)" with JAXA, to enhance quality and guide the development of optimal system design solutions for next-generation small rovers
- We aim to contribute to Toyota Motor's space mobility development through lunar rover data acquired by our self-developed rover and the Next-Generation Small-Sized Rover, scheduled for deployment after our Mission 3

※ For details regarding this matter, please refer to the press release issued on October 22, 2025.
※ Each image has a different scale.

On October 22nd, we announced that we have signed an agreement to receive TOYOTA's support for our Next-Generation Small-Sized Rover Development.

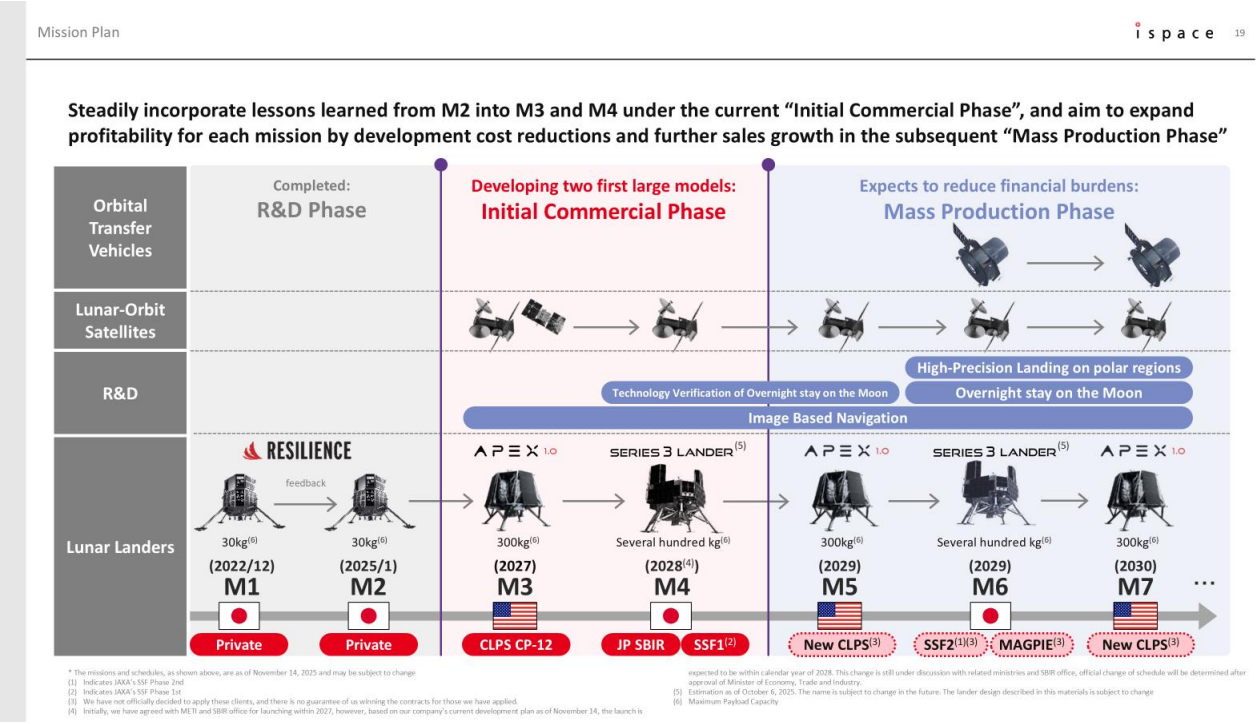
While our European entity already has a long track record in micro-rover development, we are planning further advancements in functionality and scale with a view toward the future expansion of the lunar economy —

positioning this as our “next-generation small-sized rover.”

Meanwhile, as many of you may know, TOYOTA is currently working with JAXA on the research and development of a manned pressurized rover—known as the “Lunar Cruiser”—that will allow astronauts to live and operate on the Moon.

Under this newly signed agreement, ispace will receive support from TOYOTA to enhance quality and derive optimal system design solutions for the development of our next-generation small-sized rover.

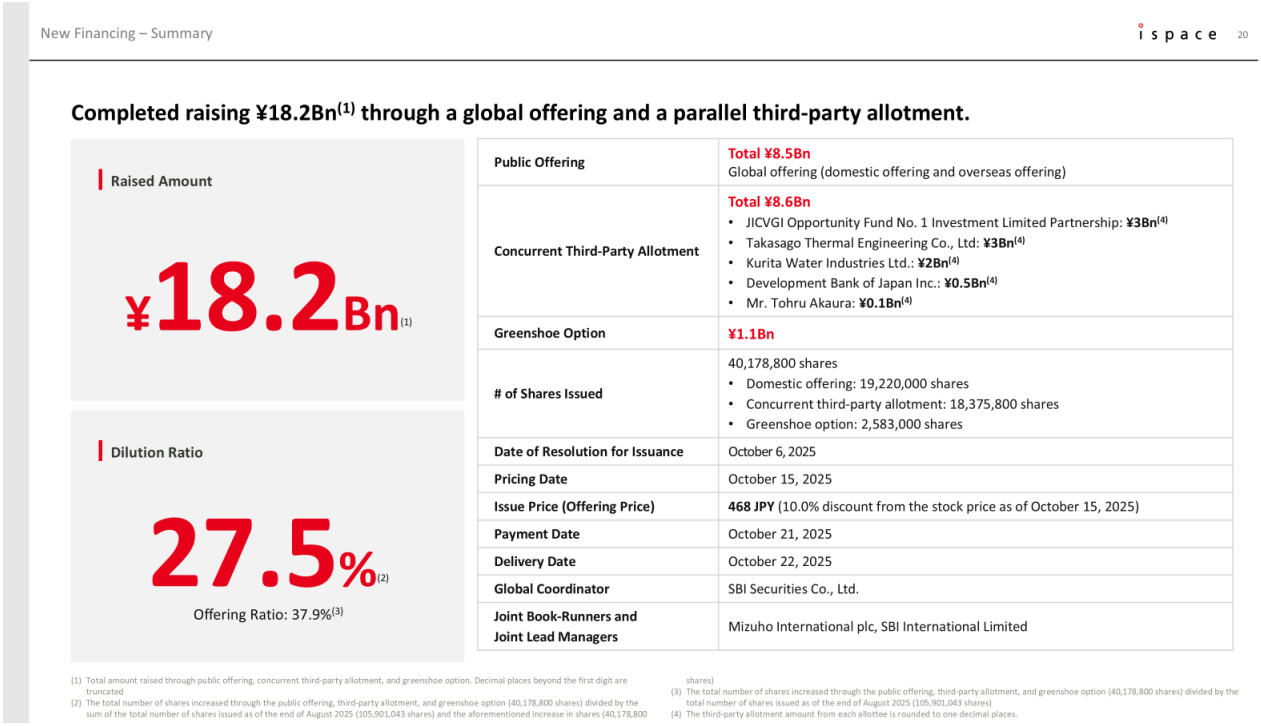
Moving forward, ispace plans to acquire lunar surface data and other information in Mission 3 and beyond. And expects the data to be provided through its data services so that TOYOTA could potentially use it in their space mobility development.



Here is our latest mission plan, including the landers and OTVs explained so far.

We are currently in the “Initial Commercial Phase,” developing the first units of the two large landers shown in red. Moving forward, as we begin developing Mission 5, Mission 6, and others, we plan to transition to the blue “Mass Production Phase,” utilizing mass-produced models—the second and subsequent units of each large lander.

We intend to achieve further sales growth through reduced development costs through mass production while we aim to be awarded and to secure large-scale projects such as the second phase of the Space Strategy Fund with a maximum support amount of $136 million USD and MAGPIE worth approx. $47 million USD. In that way, we aim to achieve profitability for each mission.



Next, we would like to report the results of the new financing announced on October 6.

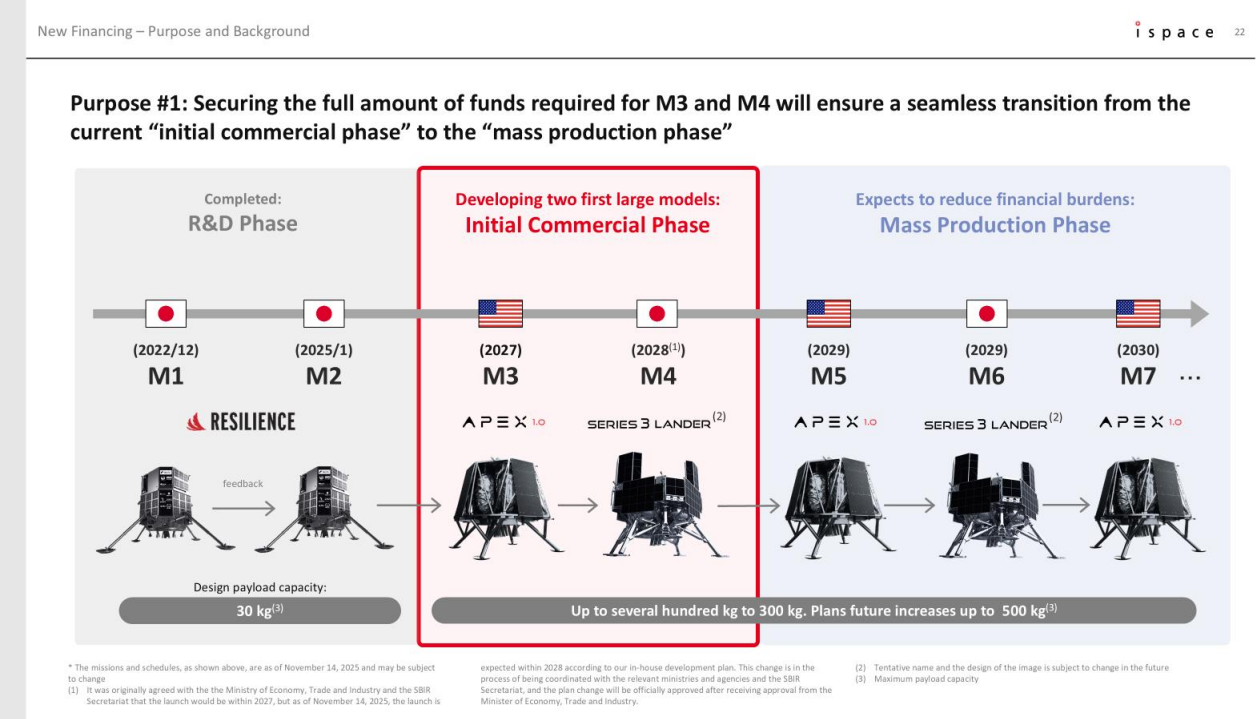
The total amount raised through the financing has been confirmed at ¥18.2 billion JPY, which is approx. $118 million USD.

This fundraising represents our largest capital increase to date. We extend our deepest gratitude to all shareholders who participated in this round.

This financing is a crucial foundation for taking the first step toward our growth over the next five years leading up to 2030.

Regarding the use of proceeds, out of the ¥18.2 billion JPY, ¥4.7 billion JPY will be allocated to Mission 3, scheduled for launch in 2027, ¥9.4 billion JPY to Mission 4, scheduled for launch in 2028, and ¥3.7 billion JPY to other operating expenses.

This secures the “full amount” of expected development funding for both Mission 3 and Mission 4.

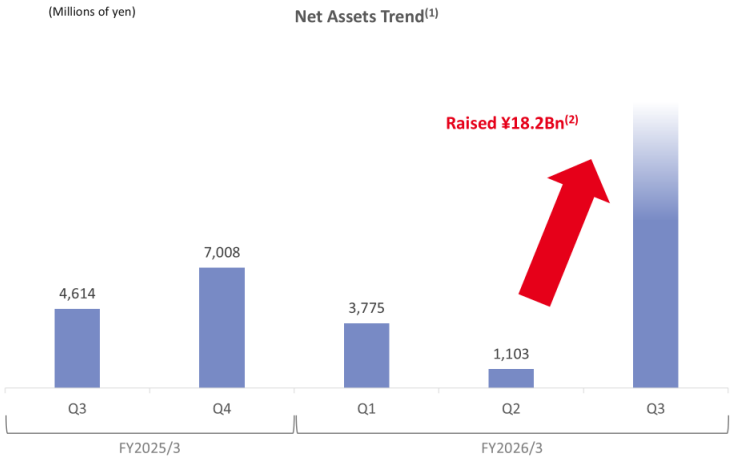


The background for this financing is that ispace is currently in this red “initial commercial phase”, where the burden of development costs is particularly heavy.

By securing the full amount of funding required for Mission 3 and Mission 4 by this financing, we can firmly establish the path toward the full-scale “mass production phase” encompassing Mission 5 and Mission 6.

Purpose #2: Building sufficient equity buffers to absorb the heavy development burden anticipated during the initial commercial phase

(Millions of yen)	FY2026/3 Q2 Actual
Current Asset Total	**24,953**
Non-Current Assets Total	**10,183**
Total Assets Total	**35,137**
Current Liabilities Total	**4,703**
Long Term Liabilities Total	**29,329**
Net Asset Total	**1,103**



(1) Decimal places beyond the first digit are truncated
(2) Total amount raised through public offering, concurrent third-party allotment, and greenshoe option. Decimal places beyond the second digit are truncated

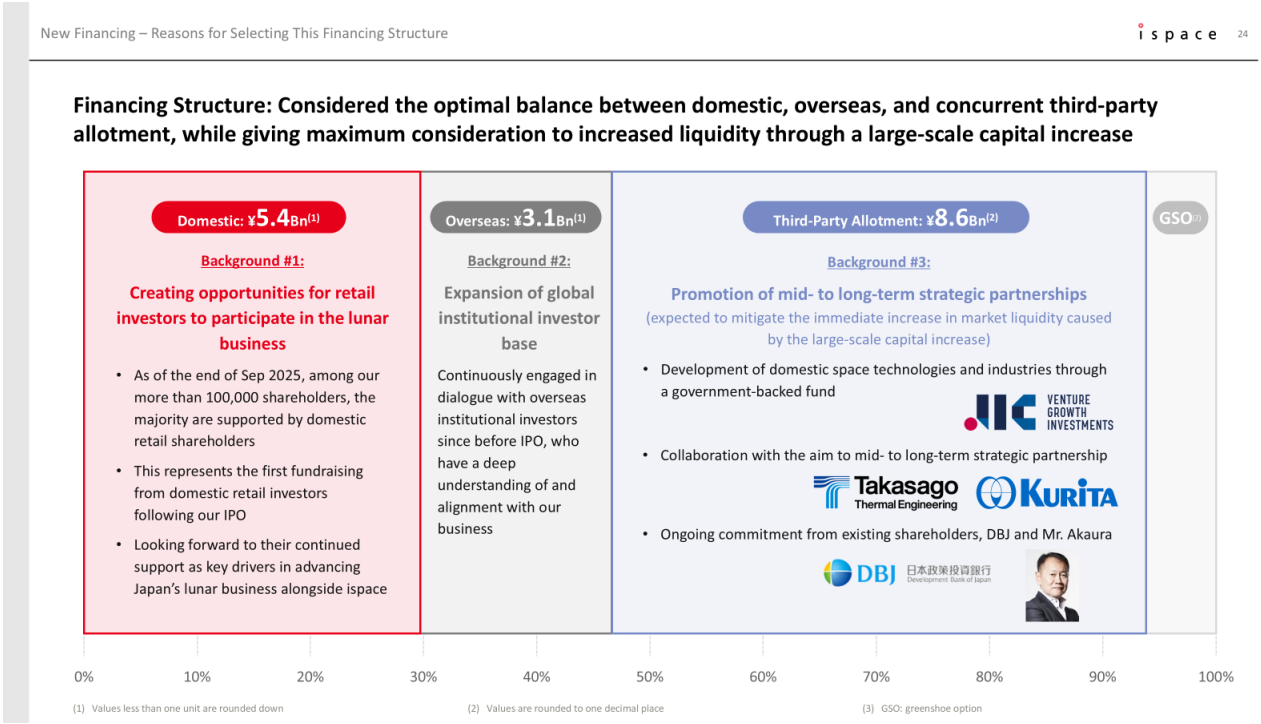
Another major purpose of this financing is to address the issue of net assets on the balance sheet.

If it were solely a funding issue, loans from financial institutions could be considered, but they would not contribute to strengthening net assets.

As of Q2 (end of September 2025), net assets was at ¥1.1 billion JPY. This amount was insufficient to absorb the heavy development costs expected during the current “initial commercial phase,” specifically the projected losses on the P&L. If this situation continued, there could have been concerns regarding a potential excess of liabilities over assets.

This financing has enabled us to firmly secure a substantial net asset base, adding an additional ¥18.2 billion JPY.

We believe this is crucial for ispace to proceed with stable and sustainable development towards Missions 3 and 4 going forward. It is also extremely important for enhancing our external credibility with financial institutions, the government, and our customers.



Regarding the financing structure, approx. 30% of the ¥18.2 billion JPY raised—¥5.4 billion JPY—was allocated to domestic investors, primarily retail investors.

While we had been supported by over 100,000 domestic retail investors as of the end of September, we have not been able to offer new opportunities for them to acquire shares since our IPO in 2023.

We wanted our domestic retail investors to continue participating alongside ispace in our missions to build a cislunar economy and become drivers advancing Japan's lunar business. This intention led us to structure this offering by allocating more shares to retail investors than to global institutional investors.

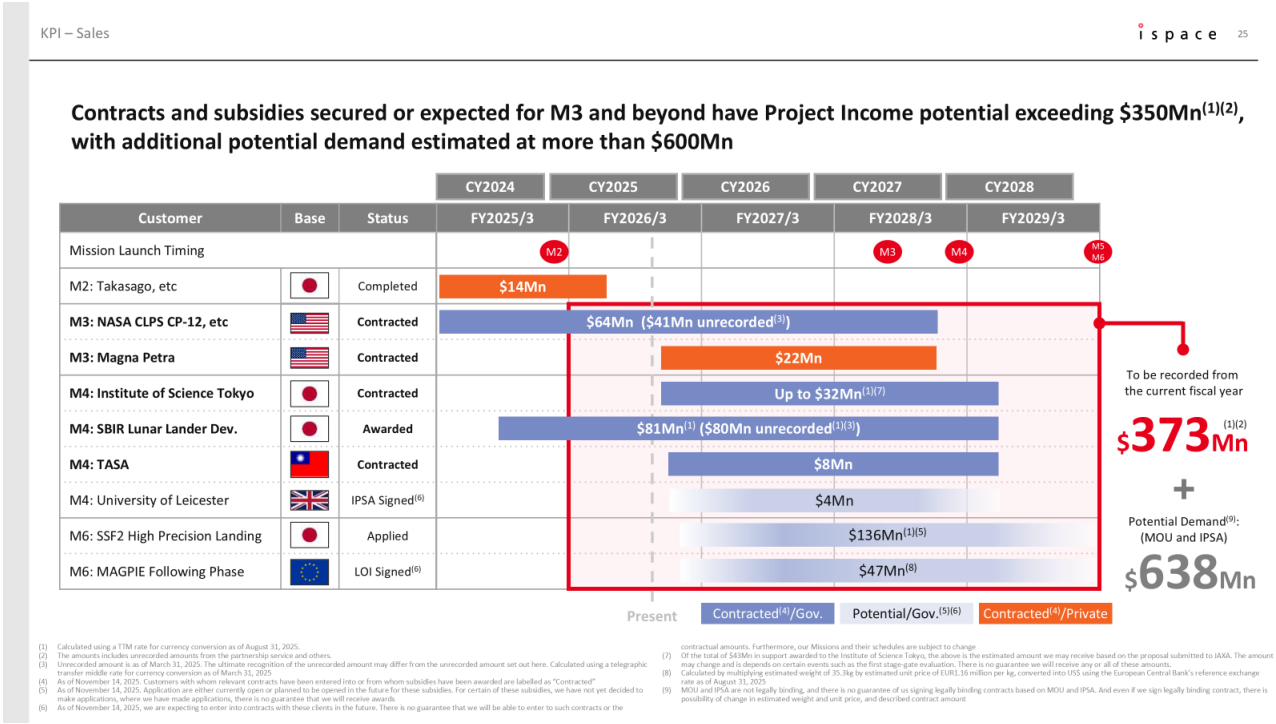
While the issuance of new shares worth approx. ¥18.2 billion JPY may seem substantial, about half of this amount—¥8.6 billion JPY—is allocated through third-party allotments to the parties listed here. These are considered mid- to long-term strategic investments by them.

The government-backed fund managed by JIC Venture Growth Investments has participated with the aim of fostering domestic technologies and industries in the space sector.

Takasago Thermal Engineering who not only participated in Mission 2 for payload transportation but also signed an MOU this May for additional payload transport in future missions, and Kurita Water Industries who also signed the same type of MOU this May, have participated with the aim of collaboration focused on mid-to-long-term strategic cooperation.

Existing shareholders, Development Bank of Japan and Mr. Tohru Akaura, an outside director of ispace, participated based on their continued commitment.

Given the background of mid-to-long-term strategic collaboration, we believe that the structure helps us to minimize dilution impact, preventing the new shares issued through the capital increase from immediately increasing the market's float.



(1) Calculated using a TTM rate for currency conversion as of August 31, 2025.
(2) The amounts includes unrecorded amounts from the partnership service and others.
(3) Unrecorded amount is as of March 31, 2025. The ultimate recognition of the unrecorded amount may differ from the unrecorded amount set out here. Calculated using a telegraphic transfer middle rate for currency conversion as of March 31, 2025
(4) As of November 14, 2025. Customers with whom relevant contracts have been entered into or from whom subsidies have been awarded are labelled as "Contracted"
(5) As of November 14, 2025. Application are either currently open or planned to be opened in the future for these subsidies. For certain of these subsidies, we have not yet decided to make applications, where we have made applications, there is no guarantee that we will receive awards
(6) As of November 14, 2025, we are expecting to enter into contracts with these clients in the future. There is no guarantee that we will be able to enter to such contracts or the contractual amounts. Furthermore, our Missions and their schedules are subject to change
(7) Of the total of $43Mn in support awarded to the Institute of Science Tokyo, the above is the estimated amount we may receive based on the proposal submitted to JAXA. The amount may change and is depends on certain events such as the first stage-gate evaluation. There is no guarantee we will receive any or all of these amounts.
(8) Calculated by multiplying estimated weight of 35.3kg by estimated unit price of EUR1.16 million per kg, converted into US$ using the European Central Bank's reference exchange rate as of August 31, 2025
(9) MOU and IPSA are not legally binding, and there is no guarantee of us signing legally binding contracts based on MOU and IPSA. And even if we sign legally binding contract, there is possibility of change in estimated weight and unit price, and described contract amount

Here is our sales KPI. Using this slide, I'd like to emphasize now is the very turning point for accelerated sales growth toward 2030.

First, a crucial point to understand our sales growth progress is the timing of recognizing revenue and grant income on the P&L.

Even if a mission launch occurs after 2027, the associated revenue and grant income begin accruing gradually years before launch—starting from the contract signing point, shown at the left edge of these blue and orange boxes.

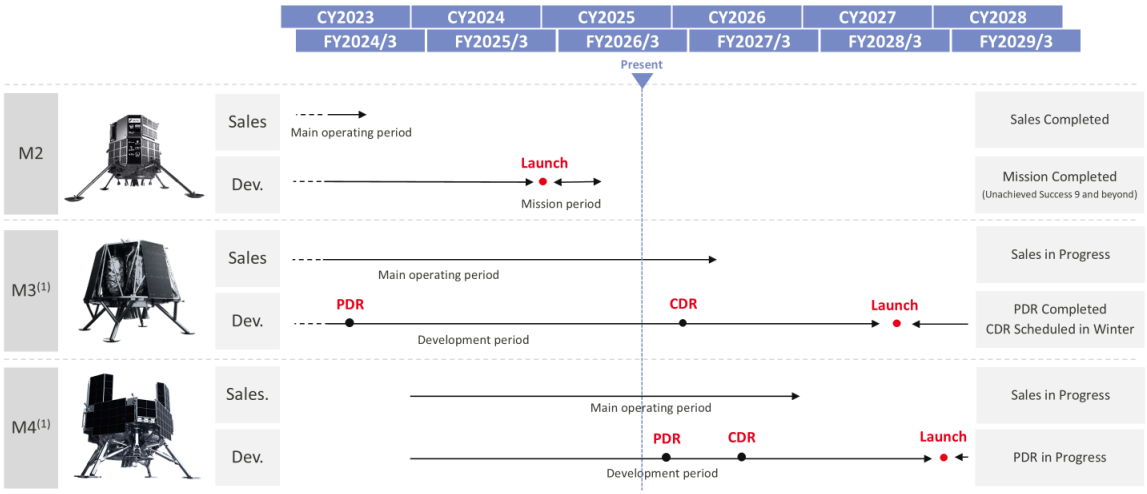
The vertical dotted line in the center of the slide represents our current position. To the left of this line, the majority of our revenue until now has come from Mission 3.

However, going forward, to the right of the dotted line, we anticipate that revenue from numerous new large-scale projects will accumulate in a layered manner.

Regarding the scale, including projects we consider to have a reasonably high likelihood of acquisition, the total revenue potential amounts to $373 million USD.

Furthermore, potential demand of $638 million USD has been confirmed through MOUs and IPSAs. We will also pursue future contracts for these as important revenue pipelines.

Various tests are progressing for M3 toward completing CDR, scheduled this winter. For M4, conducted thermal vacuum testing and steadily progressing toward completing the upcoming PDR completion



(1) Mission 3 and Mission 4 schedules are as of November 14. 2025

Regarding the progress of development KPI, for Mission 3, various tests are underway toward completing the CDR this winter. For Mission 4, thermal vacuum testing using the thermal structural model has been conducted, and progress is steadily advancing toward completing the PDR. We will provide timely updates as development progresses.

Next, I will provide an overview of the financial highlights.

Revenue and cost of sales recognition are progressing largely as planned due to M3 development progress. As for operating loss, although M4 expenditures are slightly behind schedule compared to our business plan, the impact on full-year forecasts and mission schedule is minimal

(Millions of yen)	FY 2026/3 Q2 Results	FY 2025/3 (Previous Year) Q2 Results	% Change	FY 2026/3 (Forecast) Full Year Forecast	% Progress
Net Sales[1]	**2,193**	1,342	63.4%	6,200	35.4%
Gross Profit	**382**	204	87.3%	500	76.4%
Gross Profit Margin	**17.4%**	15.2%	-	8.1%	-
SG&A	**4,545**	3,938	15.4%	12,000	37.9%
Operating Profit/Loss	**△4,162**	△3,734	-	△11,500	-
Ordinary Profit/Loss	**△4,459**	△5,790	-	△8,300	-
Net Profit/Loss	**△4,463**	△6,391	-	△8,300	-

Point: YoY and forecast comparison

- **Net Sales:**
  Increased YoY due to progress in M3 development. Progress rate against full-year consolidated earnings forecast is largely on track. Sales contribution from M4 is also anticipated starting in Q3
- **Operating Profit / Loss:**
  SG&A expenses were utilized in line with mission R&D progress. While M4 expenditures are behind schedule compared to the forecast, the impact on the forecast and timelines is minimal. For YoY, SG&A expenses increased due to M2 insurance premiums and advertising expenses, widening the operating loss
- **Net Profit / Loss:**
  The net loss was ¥4.4Bn, primarily due to the impact of interest expenses. Compared to the previous year, the net loss decreased due to factors such as foreign exchange gains and losses. Regarding SBIR grant related to M4, the portion received this fiscal year is scheduled to be recorded in full as non-operating income in Q4

(1) For Mission 2, the revenue recognition method was changed in January 2025 from the cost recovery method to the method of revenue recognition based on the percentage of completion of performance obligations

First, the P&L. Due to progress in Mission 3 development, cumulative sales for the second quarter reached ¥2.1 billion, representing a 63.4% increase compared to the same period last year. Compared to the earnings forecast announced this May, this represents 35.4% of the forecast. As we anticipated a second-half weighted performance, progress has been generally in line with our plan.

Operating loss amounted to ¥4.1 billion, primarily due to the recognition of Mission R&D expenses. Compared to the earnings forecast, the operating loss did not increase more than anticipated, mainly due to delayed expenditures for M4. This is solely attributable to timing differences in spending and is expected to be partially offset in the second half. We believe the impact on the full-year forecast will be minimal. Furthermore, this does not affect the mission schedule.

The net loss for the period amounted to ¥4.4 billion, primarily due to interest expenses. As in the previous fiscal year, SBIR grant income is scheduled to be recognized in a lump sum at the end of the fiscal year.

SG&A increased compared to the same period last year due to factors such as increased personnel expenses associated with the development progress of M4 and the expansion of business scale

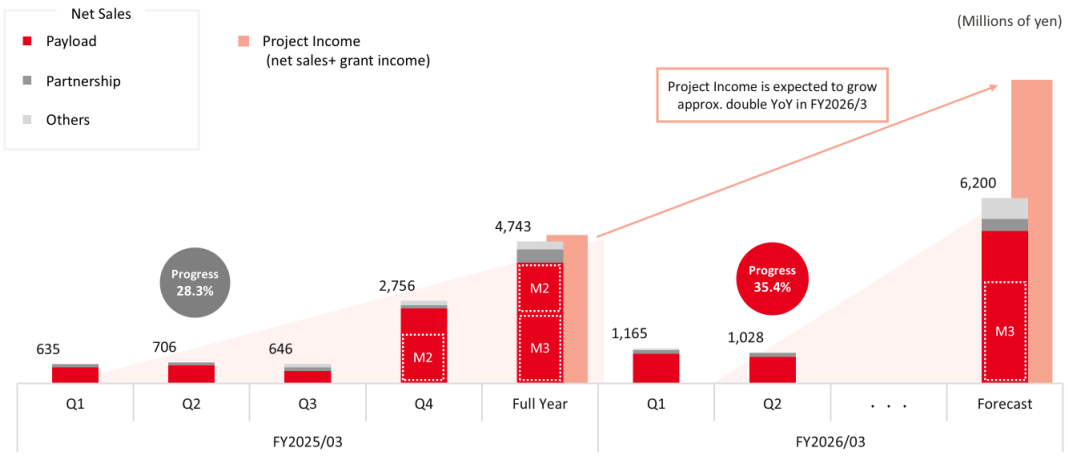
(Millions of yen)	FY 2026/3 Q2 Results	FY 2025/3 (Previous Year) Q2 Results	%Change
R&D	**2,279**	2,203	3.4%
Salary and Allowance	**939**	772	21.6%
Other	**1,325**	963	37.6%
Total	**4,545**	3,938	15.4%

Point: YoY comparison

- **R&D expenses:** Developments in Japan transitioned from M2 to M4, while the U.S. entity advanced R&D, maintaining flat performance YoY
- **Salary and Allowance:** Increased by 21.6% YoY, in proportion to the increase in the total number of employees in the group (+28 employees YoY)
- **Other:** Increased YoY mainly due to an increase in insurance premiums and advertising and promotion expenses related to M2.

SG&As increased compared to the same period last year due to factors such as increased personnel expenses associated with the development progress of Mission 4 and business expansion.

Following the previous quarter, Q2 net sales progressed as planned due to the contribution of M3 net sales. Project income(1), which is sum of net sales and SBIR grants, aims to roughly double compared to the previous fiscal year



(1) The Company's estimated figure, calculated as the sum of accounting revenue and income from the SBIR grants (recorded as non-operating income).

Quarterly net sales trends by service show a 35% progress rate for the second quarter. We expect to accelerate progress through sales from Mission 3, combined with payload sales from Mission 4, which are anticipated to begin contributing to revenue starting in the third quarter and beyond.

Furthermore, a project income—which is a sum of net sales and SBIR grants as non-operating income—we continue to aim for nearly double the year-on-year growth.

A minimum level of liquidity required for business continuity has been secured. Concerns regarding the net asset level have been addressed through the capital increase in October.

(Millions of yen)	FY 2026/3 Q2 Results	FY 2025/3 Q4 Results	%Change
Current Asset Total	**24,953**	19,067	30.9%
Cash and Deposit	**20,078**	13,117	53.1%
Short Term Advances	**3,747**	3,620	3.5%
Non-Current Assets Total	**10,183**	8,121	25.4%
Property and Equipment	**5,103**	4,859	5.0%
Long Term Advances	**4,781**	2,997	59.5%
Total Assets Total	**35,137**	27,189	29.2%
Current Liabilities Total	**4,703**	3,854	22.0%
Advances Received(1)	**1,938**	2,695	△28.1%
Short Term Debt	**1,689**	0	-
Long Term Liabilities Total	**29,329**	16,326	79.6%
Long Term Debt	**29,177**	16,096	81.3%
Net Assets Total	**1,103**	7,007	△84.3%
(Interest-Bearing Debt)	**30,867**	16,096	91.8%

(1) Total of contract liabilities and advance received

Point: Comparison from FY 2025/3 Q4

Assets:

- **Cash and Deposits:** Decreased due to increased advance payments from expense accruals and development progress but increased compared to the previous fiscal year-end. An increase of ¥18.2 billion is planned in Q3 due to the capital increase announced in October
- **Advances:** Increased throughout the second quarter, primarily due to procurement of components for M3

Liabilities:

- **Interest-bearing Liabilities:** Significantly increased compared to the previous fiscal year-end due to borrowing in May

Net Assets:

- Decreased compared to the end of last fiscal year due to operating losses. An increase of ¥18.2 billion is planned in Q3 due to the capital increase announced in October

Next is the balance sheet. As of the end of September, cash and deposits remain over ¥20 billion.

These figures are as of the end of September and do not reflect the ¥18.2 billion capital increase implemented in October. While this will be reflected in the next quarter, this capital increase has secured net assets and funding for Mission 3 and Mission 4.

The negative free cash flow resulting from the development progress of Missions 3 and 4 was offset through financing cash flow. Stable cash and deposit balances were maintained through new borrowings executed in May

(Millions of yen)	FY 2026/3 Q2 Results	FY 2025/3 Q2 Results
Net cash used in operating activities	**△6,647**	△5,325
Net cash used in investing activities	**△826**	△1,053
Free cash flow	**△7,473**	△6,379
Net cash provided by financing activities	**14,785**	5,267
Fluctuations due to stock issuance	**-**	24
Fluctuations due to long-term borrowings	**14,259**	8,691
Fluctuations due to short-term borrowings	**500**	△3,451
Foreign currency translation adjustments on Cash and Cash Equivalent	**△351**	291
Net increase (decrease) in Cash and Cash Equivalent	**6,960**	△820
Cash and Cash Equivalent	**20,078**	16,012

Point: YoY comparison

- **Operating activities：**
  Operating cash flow was negative, primarily due to the progress of development for Mission 3 and Mission
- **Investing activities：**
  At the U.S. entity advancing Mission 3 development, execute relay satellite development and capital
- **Financing activities：**
  New borrowing (total amount: ¥15 billion) was conducted in May. The capital increase announced in October is not yet reflected

Finally, the cash flow statement. Although the impact of October's funding has not yet been reflected in the cash flow statement, the negative operating cash flow and investing cash flow arising from development progress were

offset by financing cash flow from new borrowings, etc. Cash and deposits increased by ¥6.9 billion from the previous fiscal year-end to ¥20.0 billion, maintaining a stable balance.

That concludes our Q2 financial results presentation.

Lastly, we would like to show you a video summarizing the development of the structure thermal model (commonly known as STM) for Mission 4, which is currently being developed in Japan.

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