Translation

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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027[Japanese GAAP]

August 7, 2026

Company name: ispace, inc. Listing: Tokyo Stock Exchange
Securities code: 9348 URL: https://ispace-inc.com/
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Scheduled date for filing quarterly securities report: August 7, 2026 Scheduled date for commencing dividend payments: -
Preparation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise stated)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 (from April 1, 2026 to June 30, 2026)

(1) Consolidated Operating Results (Cumulative) (Percentage figures represent year-on-year changes)

	Project Revenue		Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2026	168	(85.5)	168	(85.5)	(6,397)	—	(6,335)	—	(6,336)	—
First quarter ended June 30, 2025	1,165	(83.4)	1,165	(83.4)	(2,243)	—	(2,878)	—	(2,879)	—

(Note) Comprehensive income (loss)
First quarter ended June 30, 2026: -6,525Millions of yen (-%)
First quarter ended June 30, 2025: -3,251Millions of yen (-%)

	Basic net income (loss) per share	Diluted net income (loss) per share
	Yen	Yen
First quarter ended June 30, 2026	(43.32)	-
First quarter ended June 30, 2025	(27.22)	-

(Note) 1. Diluted net income (loss) per share for the first quarter of the fiscal year ended March 31, 2026 and the fiscal year ending March 31, 2027 are omitted for the reason that although there were dilutive shares, the Company posted basic net loss per share.
2. Project revenue is calculated by adding subsidy income from the government, etc. (Non-operating income) to Net sales.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First quarter ended June 30, 2026	40,901	8,663	20.9
Fiscal year ended March 31, 2026	47,704	15,173	31.6

(Reference) Equity
First quarter ended June 30, 2026: 8,553 Millions of yen
Fiscal year ended March 31, 2026: 15,064 Millions of yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2027	—				
Fiscal year ending March 31, 2027 (forecast)		0.00	—	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentage figures represent year-on-year changes)

	Project revenue		Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,000	50.8	3,300	(0.2)	(17,700)	-	(13,000)	-	(13,000)	-	(105.18)

(Note) Revisions to the most recently announced earnings forecast: None

*Explanatory notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: None

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

i. Changes in accounting policies due to revisions to accounting standards, etc.: None
ii. Changes in accounting policies other than those in above: None
iii. Changes in accounting estimates: None
iv. Restatement of prior period financial statements: None

(4) Number of shares issued and outstanding (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)	As of June 30, 2026	146,311,623	shares	As of March 31, 2026	146,209,683	shares
2) Number of treasury shares at the end of the period	As of June 30, 2026	152	shares	As of March 31, 2026	55	shares
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	As of June 30, 2026	146,266,953	shares	As of June 30, 2025	105,796,042	shares

* This summary of financial results is not subject to quarterly review procedures by a public accountant or an audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors. For matters concerning earnings forecast, refer to “1. Qualitative Information on the Financial Results for the Period under Review, (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information” on page 3 of the Appendix.

(How to obtain the supplementary materials on quarterly financial results and the content of the quarterly financial results briefing session)

The Company will hold a quarterly financial result briefing session for institutional investors and securities analysts on August 7, 2026 (Friday) and the material to be used in the briefing session will be disclosed on the Company website.

Contents of Attachment

1. Qualitative Information on the Financial Results for the Period under Review

(1) Explanation of Operating Results

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 first quarter of 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.

Currently, in the field of lunar development to which our group belongs, significant changes are underway, led primarily by NASA (National Aeronautics and Space Administration) with 2026 serving as a turning point. First, the Moon is transitioning from being the subject of scientific exploration to a phase focused on building infrastructure to support sustained activities. Second, as a result of this transition, the importance of ensuring security in “Cislunar Space” the region of space extending from Earth to the Moon is increasing.

The “IGNITION” event held by NASA in March 2026 served as a symbol of these developments. With the goal of establishing “THE MOON BASE” by 2030, a plan has been unveiled to significantly accelerate lunar landing missions—21 missions over the three-year period from 2026 to 2028 and a cumulative total of 73 missions by 2036. As a concrete measure toward achieving this goal, “CLPS 2.0”—an expanded version of the “CLPS” (Note 1) program, which commissions private companies to provide payload transportation services to the Moon—is also set to be launched. In Japan as well, aerospace was selected as one of the 17 strategic fields for priority investment in the Japan Growth Strategy announced in November 2025. The public-private investment roadmap for the “Japan Growth Strategy,” which was formally approved by the Cabinet in July 2026, specifies 5.6 trillion yen in public and private investment in lunar exploration and low-Earth orbit technologies through fiscal year 2040 (Note 2).Specifically this includes the development and manufacturing of lunar transport vehicles, landers, and rovers. As such, the Moon is transitioning into a phase of infrastructure development, and we anticipate that this will lead to expanded business opportunities for our company.

Against this backdrop, during the first quarter of the current fiscal year, we continued to advance the development and sales activities for the ULTRA Lander in preparation for our Mission 3, scheduled for launch in 2028, and Mission 4, scheduled for launch in 2029.

Regarding the development of Mission 3, vibration and acoustic tests using the structural model (Note 3) were successfully completed. Following the PDR (Note 4) and CDR (Note 5), we plan to begin manufacturing the flight model (Note 6) this winter, and development is progressing smoothly, largely in line with our schedule. In terms of business activities, we entered into a new payload service agreement with JALUX Inc. during the first quarter of this fiscal year. Going forward, Japan Airlines, Ltd. (JAL) and JALUX Inc. plan to collaborate with regions and companies nationwide to solicit items that reflect modern culture—such as regional specialties and products representative of local businesses—as lunar payloads. In addition, on July 29, 2026, we signed a launch contract with Mitsubishi Heavy Industries, Ltd. for the domestically produced H-3 rocket in preparation for Mission 3. We aim to establish Japan’s independent lunar transport system using the domestically produced ULTRA lander and the domestically produced H-3 rocket.

Regarding sales activities for Mission 4, in July 2026, we finalized a contract worth approximately 12 billion yen with the European Space Agency (ESA) as part of the MAGPIE Project Phase 2. Furthermore, in August 7 2026, we received a notification of a grant decision for up to 20 billion yen under the second phase of the Space Strategy Fund for “High-Precision Landing Technology in the Lunar Polar Region.” We plan to continue promoting technological development for high-precision landings near lunar polar regions and support for payload operations in polar regions using communication relay satellites.

Note that in the same period of the previous fiscal year, revenue from payloads—which accounts for the majority of our sales—included revenue associated with the development progress of Missions 2 and 5; however, in the first quarter of the current fiscal year, payload revenue consisted solely of revenue associated with the development progress of Mission 3, resulting in a year-over-year decrease in revenue.

Additionally, regarding NASA’s CLPS Task Order “CP-12”—which was scheduled to serve as the payload for U.S. Mission 5, slated for launch in 2030—the contract between NASA and Draper Laboratory has been terminated by mutual agreement. Our U.S. subsidiary had been proceeding with the development of a lander for “CP-12” under a subcontract with Draper Laboratory; however, following the termination of the contract between NASA and Draper Laboratory, our subcontract with Draper Laboratory is also expected to be terminated. Furthermore, in light of the strong demand in both Japan and the U.S. mentioned above, we are continuing to consider conducting a lunar landing mission using the ULTRA lander in 2029. At our U.S. subsidiary, Bretton Alexander, who has held key positions at government agencies and private space companies, has been appointed Executive Vice President of U.S. Business Development. He will drive efforts to secure demand in the U.S., including from NASA, while in Japan, we are continuing active dialogue between our management team and key cabinet ministers to promote public-private partnerships within the country.

Furthermore, during the first quarter of this fiscal year, we made a new decision to launch a lunar transportation service utilizing the payload capacity of the Starship, developed by SpaceX in the United States. The introduction of the Starship, capable of transporting large-capacity payloads to the Moon, is expected to lower the barriers to entry into the lunar infrastructure business and rapidly expand demand for small payloads. By adding both high-value-added, customized services via the ULTRA Lander and high-capacity, relatively low-cost services via Starship to our business portfolio, we believe we will be able to broadly capture the demand for lunar payloads, which is expected to grow worldwide.

In addition, while the space business sector to which our group belongs and national security are closely related fields, as mentioned above, with the full-scale launch of lunar development triggered by IGNITION, attention is increasingly focusing on the importance of security in the cislunar space extending from Earth to the Moon. The U.S. government has already defined cislunar space as a security concern, and Space Situational Awareness (SSA) utilizing satellites and other assets, as well as transportation capabilities to deliver satellites and other assets to cislunar space, are becoming urgent issues. Under these circumstances, we plan to launch one of our own lunar-orbiting satellites into lunar orbit as Mission 2.5 as early as 2027 (Note 7), using Argo Space's transportation infrastructure. Furthermore, with a view to providing not only communication and positioning services but also observation and SSA (Space Situational Awareness) services, we aim to deploy at least five (Note 7) of our own satellites into lunar orbit by 2030.

As a result, the Group posted net sales of 168,692 thousand yen (down 85.5% year-on-year), operating loss of 6,397,630 thousand yen (operating loss of 2,243,460 thousand yen in the same period of the previous fiscal year), ordinary loss of 6,335,217 thousand yen (ordinary loss of 2,878,585 thousand yen in the same period of the previous fiscal year) and net loss attributable to owners of parent of 6,336,167 thousand yen (net loss attributable to owners of parent of 2,879,535 thousand yen in the same period of the previous fiscal year) for First Quarter of consolidated fiscal year ending March 2027.

Furthermore, operating results by segment are omitted as the Group operates a single segment focused on lunar surface development business.

(Note 1) CLPS: Commercial Lunar Payload Services

(Note 2) Source: https://www.cas.go.jp/jp/seisaku/nipponseichosenryaku/kaigi/dai5/shiryou3.pdf

(Note 3) A model used to finalize the structural design of the lander

(Note 4) Preliminary Design Review. A review meeting to verify the feasibility of design results against specifications and the design verification plan.

(Note 5) Critical Design Review. A review meeting to confirm the appropriateness of the detailed design and verification plan for manufacturing and testing, utilizing evaluations conducted to date, such as prototype evaluations, thermal structural characteristic evaluations, and electromechanical design evaluations

(Note 6) The flight model to be launched.

(Note 7) This represents the mission and schedule as envisioned as of August 7, 2026, and is subject to change in the future

(2) Financial Position

(Current assets)

The balance of current assets at the end of the first consolidated quarter under review was 28,262,213 thousand yen, a decrease of 6,122,400 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to a decrease of 3,987,469 thousand yen in cash and deposits and 2,209,575 thousand yen in advances payments - trade.

(Non-current assets)

The balance of non-current assets at the end of the first consolidated quarter under review was 12,639,174 thousand yen, a decrease of 681,167 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 284,920 thousand yen in construction in progress, while long-term advances decreased by 927,669 thousand yen.

(Current liabilities)

The balance of current liabilities at the end of the first consolidated quarter under review was 7,256,975 thousand yen, an increase of 1,560,031 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 2,176,249 thousand yen in short-term borrowings

(Non-current liabilities)

The balance of non-current liabilities at the end of the first consolidated quarter under review was 24,981,344 thousand yen, a decrease of 1,853,181 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to long-term borrowings decreasing by 1,860,756 thousand yen.

(Net assets)

The balance of net assets at the end of the first consolidated quarter under review was 8,663,067 thousand yen, a decrease of 6,510,417 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of 6,336,167 thousand yen.

(3) Explanations on Consolidated Earnings Forecast and Other Forecast Information

Regarding consolidated earnings forecast, no change has been made to the consolidated earnings forecast for the full consolidated fiscal year announced in the “(Corrections) Notice Regarding Partial Corrections to the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2026” and the Presentation for the Fiscal Year Ended March 31, 2026” on May 28, 2026.

(4) Significant Events, etc. Going Concern Assumption

The space related business in which the Group is engaged is expected to expand globally at a rapidly accelerating rate, requiring the urgent establishment of necessary technologies to keep up with the trajectory of the industry. As the Group is engaged in developments of space related equipment that require a large amount of upfront research and development investment and a long-term development period, the Company is not generating revenue to compensate for all such development investments, and has recorded continuous operating losses and negative operating cash flow. Therefore, as of the end of the first quarter, there are events or circumstances that could raise significant doubt regarding the ability of the Group to operate as a going concern. The Group is working on the following significant issues until such events or circumstances are resolved and stable business earnings are generated.

However, as the Group is implementing measures to resolve such significant events or circumstances, the Group has determined that there is no significant uncertainty regarding its ability to operate as a going concern.

(1) Promotion of Research and Development

In order to carry out Mission 3 utilizing a new commercialized model developed by the Japanese entity, and Mission 4 which we decided to begin development upon selection for the Space Strategy Fund, the Group will steadily advance the development of lunar landers and rovers by strictly managing development schedule and development costs as well as development quality, while securing launching opportunities by launch service providers.

(2) Customer Development

The landers and rovers required for the Company to achieve business earnings are under development. The global market in which the Company anticipates business earnings is in its pioneer days. The Company has currently confirmed potential orders from customers for Mission 2.5 through Mission 4 and will continue to cultivate a sustainable customer market over the medium to long term to stabilize business earnings.

(3) Securing Human Resources

The Company is continuously hiring human resources with advanced expertise and capabilities in various development fields

in Japan and overseas to pursue research and development of landers and rovers.
Additionally, the Company will continue to engage in preparing an environment that enables each human resource to demonstrate their full abilities in the organization in which the number of employees is rapidly expanding.

(4) Establishing and Appropriately Managing Internal Control Responding to Growth
The Company will continue to establish and appropriately manage internal controls responding to its growth, such as organizing necessary operational processes, financial and accounting structure, labor management, subsidiary management, and security management for the Group to continuously expand business in the future.

(5) Securing Funds for Achieving Growth over Medium to Long Term
Continuing to achieve missions in the future is essential for the Company to aspire to stable business earnings. It is also important to consistently secure the necessary funds to do so. The Company has so far raised funds by methods including unsecured convertible bond, third-party allotment of shares, borrowings from financial institutions, crowdfunding and public offering, and will consider the possibilities of flexible fundraisings to promote the missions in the future.
In addition, the Company entered into an insurance contract with Mitsui Sumitomo Insurance Company, Limited for Mission 1,and since Success 9 and 10 out of the 10 success milestones set for Mission 1 were not achieved, the Company received an insurance payment. Since Mission 2 fell outside the scope of the insurance coverage, the company didn’t receive insurance payment for the mission. The Company recognizes insurance as one measures of reducing risk and ensuring financial stability, and is considering utilizing insurance for Mission 3 and beyond.
With respect to borrowings from financial institutions, the Company entered into loan agreements totaling 19.3 billion yen (including refinancing) during the fiscal year ended March 31, 2025, and also entered into loan agreements totaling 15.5 billion yen (including refinancing) during the fiscal year ended March 31, 2026. In addition, during the first quarter of the current consolidated fiscal year, we entered into a loan agreement of 1 billion yen with Asahi Shinkin Bank in April 2026, and have secured sufficient short-term liquidity with cash on hand and deposits of 25.7 billion yen (as of the end of June 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. Furthermore, from October 2025 to November 2025, we conducted a public offering and third-party allotments of new shares totaling 18.2 billion yen, along with a secondary offering of our shares through an over-allotment. As of the date of this document, payment has been completed.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2026)	First quarter of current consolidated fiscal year (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	29,690,611	25,703,142
Accounts receivable - trade	28,333	40,642
Advance payments - trade	3,991,994	1,782,419
Work in process	28,902	28,758
Other	644,771	707,251
Total current assets	34,384,613	28,262,213
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	925,563	928,369
Tools, furniture and fixtures	1,217,455	1,270,309
Right-of-use assets	196,128	176,551
Construction in progress	5,407,758	5,692,678
Other	6,899	6,899
Accumulated depreciation	(535,462)	(625,685)
Total property, plant and equipment	7,218,344	7,449,124
Intangible assets		
Software	54,270	44,792
Other	930	937
Total Intangible	55,200	45,729
Investments and other assets		
Long-term advance payments - trade	5,515,551	4,587,882
Other	531,245	556,438
Total investments and other assets	6,046,797	5,144,320
Total non-current assets	13,320,342	12,639,174
Total assets	47,704,955	40,901,388

(Unit: Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2026)	Current first-quarter consolidated accounting period (As of June 30, 2026)
Liabilities		
Current liabilities		
Short-term borrowings	3,089,806	5,266,056
Contract liabilities	754,204	760,624
Provision for share-based compensation	22,737	31,482
Other	1,830,195	1,198,811
Total current liabilities	5,696,943	7,256,975
Non-current liabilities		
Long-term borrowings	26,353,510	24,492,753
Provision for share-based compensation	62,272	88,935
Other	418,743	399,655
Total non-current liabilities	26,834,526	24,981,344
Total liabilities	32,531,470	32,238,320
Net assets		
Shareholders' equity		
Common stock	20,720,194	20,728,777
Deposits for subscriptions of shares	3,239	1,028
Capital surplus	20,627,172	20,635,755
Retained earnings	(25,079,815)	(31,415,982)
Treasury stock	(65)	(112)
Total shareholders' equity	16,270,727	9,949,466
Accumulated other comprehensive income		
Foreign currency translation adjustment	(1,206,460)	(1,395,597)
Total accumulated other comprehensive income	(1,206,460)	(1,395,597)
Stock acquisition rights	109,218	109,199
Total net assets	15,173,485	8,663,067
Total liabilities and net assets	47,704,955	40,901,388

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

(Quarterly Consolidated Statement of Income (Loss))

(Unit: Thousands of yen)

	First quarter of the previous consolidated fiscal year (April 1, 2025 - June 30, 2025)	First quarter of the current consolidated fiscal year(April 1, 2026 - June 30, 2026)
Net sales	1,165,754	168,692
Cost of sales	933,794	4,795,861
Gross profit (loss)	231,960	(4,627,169)
Selling, general and administrative expenses		
Research and development expenses	1,236,082	434,047
Salaries and allowances	518,234	459,921
Other	721,103	876,491
Total selling, general and administrative expenses	2,475,420	1,770,461
Operating income (loss)	(2,243,460)	(6,397,630)
Non-operating income		
Interest income	30,367	16,297
Foreign exchange gains	-	530,754
Other	20	972
Total non-operating income	30,388	548,024
Non-operating expenses		
Interest expense	356,996	484,347
Foreign exchange losses	304,411	-
Other	4,105	1,264
Total non-operating expenses	665,513	485,611
Ordinary loss	(2,878,585)	(6,335,217)
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Total extraordinary losses	0	-
Income (loss) before income taxes	(2,878,585)	(6,335,217)
Income taxes - current	950	950
Total income taxes	950	950
Net income (loss)	(2,879,535)	(6,336,167)
Net income (loss) attributable to owners of parent	(2,879,535)	(6,336,167)

(Quarterly Consolidated Statement of Comprehensive Income (Loss))

(Unit: Thousands of yen)

	First quarter of the previous consolidated fiscal year (April 1, 2025 - June 30, 2025)	First quarter of the current consolidated fiscal year (April 1, 2026- June 30, 2026)
Net income (loss)	(2,879,535)	(6,336,167)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(372,398)	(189,137)
Total other comprehensive income (loss)	(372,398)	(189,137)
Comprehensive income (loss)	(3,251,933)	(6,525,305)
(Breakdown)		
Comprehensive income attributable to owners of parent	(3,251,933)	(6,525,305)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.

(Notes to Quarterly Consolidated Balance Sheets)

Financial Covenants

Previous consolidated fiscal year (March 31, 2026)

(1) Of the borrowings as of the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on November 10, 2023 (balance as of the end of the current consolidated fiscal year: 1,189,806 thousand yen)

1) The total amount of net assets in the consolidated balance sheets as of the end of each quarterly consolidated fiscal period shall be maintained at a positive value.

2) To maintain the total amount of cash and deposits shown in the consolidated balance sheets as of the end of each quarterly consolidated fiscal period at 3 billion yen or more.

(2) Of the borrowings as of the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on April 25, 2024 (balance as of the end of the current consolidated fiscal year: 1,851,269 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(3) Of the borrowings as of the end of the current consolidated fiscal year, syndicated loan agreement between the Company and several financial institutions contain the following financial covenants.

Contract on July 26, 2024 (balance as of the end of the current consolidated fiscal year: 8,206,240 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(4) Of the borrowings as of the end of the current consolidated fiscal year, the loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on March 31, 2025 (balance as of the end of the current consolidated fiscal year: 1,400,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(5) Of the borrowings as of the end of the current consolidated fiscal year, the loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on May 14, 2025 (balance as of the end of the current consolidated fiscal year: 4,896,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(6) Of the borrowings as of the end of the current consolidated fiscal year, the loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on May 23, 2025 (balance as of the end of the current consolidated fiscal year: 10,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year

should be maintained at 3 billion yen or more.

First Quarter of the Consolidated Fiscal Year Ending March 31, 2027 (June 30, 2026)

(1) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on November 10, 2023 (balance as of the end of the first quarter of the current consolidated fiscal year: 1,189,806 thousand yen)

1) The total amount of net assets in the consolidated balance sheets as of the end of each quarterly consolidated fiscal period should be maintained at a positive value.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each quarterly consolidated fiscal period should be maintained at 3 billion yen or more.

(2) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on April 25, 2024 (balance as of the end of the first quarter of the current consolidated fiscal year: 1,851,269 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(3) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, syndicated loan agreement between the Company and several financial institutions contain the following financial covenants.

Contract on July 26, 2024 (balance as of the end of the first quarter of the current consolidated fiscal year: 8,206,240 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(4) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on March 31, 2025 (balance as of the end of the first quarter of the current consolidated fiscal year: 1,224,980 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(5) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on May 14, 2025 (balance as of the end of the first quarter of the current consolidated fiscal year: 4,886,512 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(6) Of the borrowings as of the end of the first quarter of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on May 23, 2025 (balance as of the end of the first quarter of the current consolidated fiscal year: 10,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash and deposits indicated in the consolidated balance sheet as of the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current consolidated fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets) for the first quarter of the current consolidated fiscal year is as follows.

	First quarter of the previous consolidated fiscal year (from April 1, 2025 to June 30, 2025)	First quarter of the current consolidated fiscal year (from April 1, 2026 to June 30, 2026)
Depreciation and amortization	47,397 thousand yen	93,965 thousand yen

(Segment Information, etc.)

Ⅰ First quarter of the previous consolidated fiscal year (from April 1, 2025 to June 30, 2025)

Segment information is omitted as the Group operates a single segment focused on the lunar surface development business.

Ⅱ First quarter of the current consolidated fiscal year (from April 1, 2026 to June 30, 2026)

Segment information is omitted as the Group operates a single segment focused on the lunar surface development business.

(Significant Subsequent Events)

(Space Strategy Fund)

Following the end of the first fiscal quarter, on August 7, 2026, we received official notification of the grant award from the Japan Aerospace Exploration Agency (hereinafter “JAXA”) regarding the Space Strategy Fund (Phase 2) project, for which JAXA had issued a public call for proposals. The details are as follows.

(1) Details of the Grant Award

(i) Soliciting organization: JAXA

(ii) Technology development theme: High-Precision Landing Technology in Lunar Polar Regions

(iii)Technical Development Project Title: High-Precision Landing Near the South Pole and Support for Payload Operations in Polar Regions Using Communication Relay Satellites

(iv) Maximum amount of support: Up to 20.0 billion yen

(v) Implementation Period: Up to approximately 5 years (through June 2030)

(vi) Grant amount awarded for the initial grant project period (*) : 11.6 billion yen (**)

(vii) Initial grant project period (*) : From April 13, 2026 to March 31, 2028

(*) The initial grant project period refers to the period from the grant award date through March 31 of the fiscal year in which the first stage-gate review is completed. The amounts applicable from April 2028 onward are expected to be disclosed upon each subsequent grant award decision.

(**)The maximum amount of funding remains unchanged at 20.0 billion yen. As the amount may fluctuate depending on future stage-gate reviews and other factors, receipt of the full amount is not guaranteed at this time.

(2) Future Outlook

The impact of this matter has already been incorporated into ispace’s consolidated financial forecast for the fiscal year ending March 31, 2027, and ispace therefore expects the impact on its financial forecast for the current fiscal year to be immaterial. the Company will promptly disclose any matters that arise in the future requiring disclosure due to a material impact
on its financial results.

Furthermore, following this selection, the Company will advance the development of high-precision landing technology near the South Pole, long-term operation technology (14 days or more) utilizing the white nights unique to the Antarctic region, and communication relay satellites, with the aim of demonstrating these technologies through Mission 4, scheduled for launch in 2029.

(Expected termination of material contracts)

Our consolidated subsidiary, ispace technologies U.S., inc. (hereinafter, ispace-U.S.), confirmed that the contract concerning Task Order CP-12 under the CLPS program, which had been concluded among NASA and Draper laboratory, a nonprofit engineering innovation company based in Massachusetts, U.S., has been terminated on July 9, 2026 (U.S. Mountain Time). Accordingly, the subcontract agreement between ispace-U.S. and Draper laboratory regarding the development and operation of the lander for the provision of lunar transportation services is also expected to be terminated.

Following the announcement made on March 27, 2026, "Notice regarding New “ULTRA” Lunar Lander and Schedule Shift of U.S.

Mission" will have no impact on ispace’s consolidated earnings forecast for the fiscal year ending March 31, 2027. In addition, following the change in the schedule of the U.S. mission, the Company recognized an impairment loss on the related advance payments in the first quarter of the current consolidated fiscal year. This impairment loss has already been disclosed as a material subsequent event in the annual report for the fiscal year ended March 31, 2026. Accordingly, this matter is not expected to have a material impact on the earnings forecast for the current fiscal year.

(Establishment of a subsidiary)

The Company had been proceeding with the establishment of its consolidated subsidiary "ispace S A" in the Kingdom of Saudi Arabia, but after the end of the first quarter of the current consolidated accounting period, on July 30, 2026, it completed the formal procedures and the capital contribution, and as of the same date, the Company has made the entity a consolidated subsidiary.

(1) Purpose of Establishment of Subsidiary

As the fourth global base following Tokyo, Luxembourg, and Denver, we will strengthen partnerships with commercial entities, government agencies, and research institutions in the Kingdom of Saudi Arabia, and contribute to the country's investments in the space technology sector and initiatives for lunar exploration by leveraging the knowledge and experience we have gained through our past lunar missions. In addition, we will promote human resource development and infrastructure building locally, as well as cooperation in the field of in-situ resource utilization (ISRU).

(2) Overview of the subsidiary to be established

(i) Name: ispace S A

(ii) Location: Kingdom of Saudi Arabia

(iii) Description of business: Lunar development business

(iv) Common stock: ¥113 million*

(v) Fiscal year-end: December

(vi) Investment ratio: ispace, inc. 100%

*Converted into yen using the TTM rate as of the end of June 2026.