June 24, 2025

Company name:	ispace, inc.
Name of representative:	Takeshi Hakamada, Representative Director and CEO
Securities code:	9348; Growth Market
Inquiries:	Jumpei Nozaki, Director and CFO
	(Telephone: +81-03-6277-6451)

Notice regarding Mission 2 "SMBC x HAKUTO-R Venture Moon" Technical Cause Analysis

ispace inc. ("ispace") hereby announces that it has completed the analysis of flight data from the landing sequence conducted on June 6, 2025, by the RESILIENCE lander as part of Mission 2 "SMBC x HAKUTO-R VENTURE MOON" ("Mission 2"), using data obtained at our Mission Control Center in Nihonbashi. The analysis has identified "a hardware failure in the Laser Range Finder* ("LRF")" as the technical cause of the hard landing. We have also narrowed down the most likely underlying causes of the failure, formulated countermeasures, and completed an assessment of the potential impact on subsequent missions. A detailed explanation of the findings has been disclosed in a separate presentation material released concurrently with this notice. We respectfully invite you to review the material for more information.

**The Laser Range Finder is a device that measures the distance to a target using laser technology and is used to determine the lander's altitude above the lunar surface.*

1. Technical cause analysis on Mission 2

A) Preliminary report as of the landing date (June 6, 2025)

As announced in our timely disclosure and press conference on the day of the landing, we reported that the lander's posture was nearly vertical at the time of landing, that valid measurements from the LRF were delayed, that the lander did not decelerate to the speed required for a successful lunar landing, and that a hard landing on the lunar surface was highly likely. As of June 24, 2025, there are no changes to these observations. At the time of landing, however, the root cause of these events had not yet been identified.

B) Findings as of today (June 24, 2025)

Following the landing, we analyzed telemetry data obtained at our Mission Control Center in Nihonbashi and identified a hardware failure in the LRF as the technical cause of the hard landing. We also conducted a series of hypothesis tests and have narrowed down the likely contributing factors behind this anomaly. While multiple factors may have been involved, we plan to implement the countermeasures and improvements described in section (C) and will continue verification and enhancement through future mission development.

C) Measures for subsequent missions

Based on the above technical cause analysis, we intend to implement the following

improvements: (1) review and revise the verification strategy and plan for landing sensors, including the LRF, and (2) reassess the selection, configuration, and operational approach for landing sensors including the LRF. In addition, as broader technical enhancement measures, we have decided to (i) establish an "External Review Task Force" which includes third-party experts to consider developmental measures for upcoming missions, and (ii) expand technical collaboration with the Japan Aerospace Exploration Agency ("JAXA") to further strengthen our capabilities.

2. Impact on financial results

There is no change in our earlier estimate, as disclosed in the timely disclosure titled "Notice Regarding Milestone 'Success 9' for Mission 2" released on June 6, 2025, that the direct financial impact of not achieving Success 9 is a potential loss of revenue of up to approximately 238 million JPY.

As an additional impact resulting from the technical cause analysis announced today, we currently expect an increase in development costs of up to approximately 1.5 billion JPY for Mission 3 and Mission 4 combined. This is primarily due to the need to reselect the landing sensors such as the LRF, as well as to revise and expand the associated testing plans. These costs are expected to be recognized incrementally over the period leading up to the scheduled launch in 2027. Accordingly, we do not anticipate any impact on the current launch schedules of Missions 3 and 4 nor foresee need to revise our consolidated earnings forecast for the fiscal year ending March 2026. ispace will promptly announce if it is determined that there are any further matters that require disclosure.

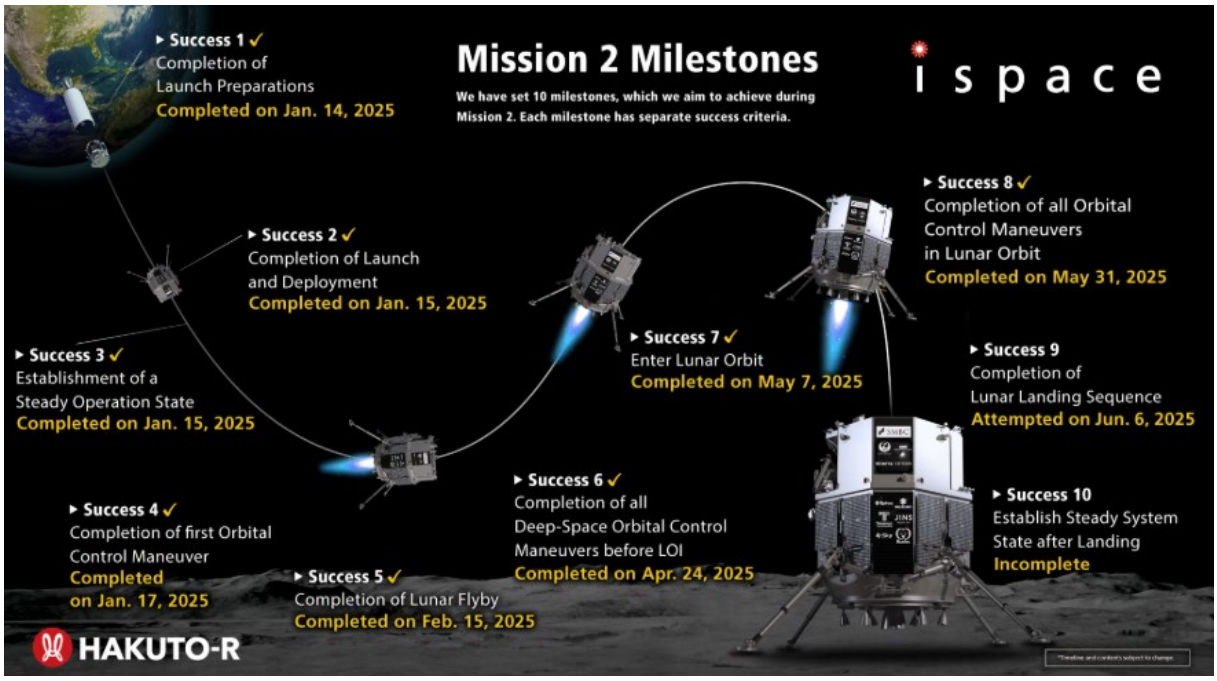
3. Message from Takeshi Hakamada, Representative Director and CEO of ispace

While it is deeply disappointing that we, despite our best efforts, did not succeed at the final stage, I feel profound regret for failing to meet the expectations of our HAKUTO-R partners, shareholders, and all those who have supported us. Nonetheless, even amid this challenge, we remain committed to finding the cause quickly and using our insights to propel us into decisive action for future success. It is crucial that we communicate our findings transparently as soon as possible.

Over the past two weeks and four days, every member of our team has worked tirelessly to prepare today's technical cause update. As a result, we have determined that while Mission 1 was affected by a software failure, Mission 2 failed due to a hardware failure. As a part of our broader technical enhancement initiatives, we have also announced the establishment of an **"**External Review Task Force" and the expansion of technical support from JAXA. At the same time, we do not intend to treat this setback as merely a technical issue or limit our response to technical cause analysis alone. Rather, we see this as an opportunity to reexamine and reassess a wider range of corporate functions—including our decision-making processes and organizational structure—with the aim of driving the company to the next stage of growth.

Through today's communication, I would like to assure all stakeholders that ispace is not standing still. As challengers, we are taking confident steps toward our next mission, determined to regain your trust and show that our journey continues with renewed purpose.

4. (Reference) Mission 2 Milestones



Milestone		Expected completion date	Success Criteria
Success 1 (Complete)	Completion of Launch Preparations	Launch - 2-3 days	• Complete all development processes of the RESILIENCE lunar lander before flight operations • Contract and prepare launch vehicle, and complete integration of lunar lander into the launch vehicle • Prove ability to flexibly manufacture and assemble landers in various geographic locations of the world
Success 2 (Complete)	Completion of Launch and Deployment	Launch + 1 hour	• Complete successful separation of the lunar lander from the launch vehicle • Reaffirm that ispace's lander design and structure is capable of withstanding the harsh conditions during launch on its second mission, offering valuable information towards future development and missions
Success 3 (Complete)	Establishment of Steady Operation State	Launch + several hours	• Establish communication link between the lander and Mission Control Center, confirm a stable attitude as well as start stable generation of electrical power in orbit
Success 4 (Complete)	Completion of first Orbital Control Maneuver[*1]	Launch + 1-2 days	• Complete the first orbit control maneuver, setting the lander on a course towards the Moon
Success 5 (Complete)	Completion of Lunar Flyby[*2]	Launch + 1 month	• Complete a lunar flyby approximately one month after launch • Begin Deep Space Flight operations

Success 6 (Complete)	Completion of all Deep-Space Orbital Control Maneuvers before Lunar Orbit Insertion (“LOI”)	Launch + 3-3.5 months	• Complete all planned deep space orbit control maneuvers by utilizing gravity assist effects and successfully target the first lunar orbit insertion maneuver • Reaffirm the deep-space survivability of ispace’s lander designs, as well as the viability of ispace’s lunar planning
Success 7 (Complete)	Enter Lunar Orbit	Launch + 4 months	• Complete the first lunar orbit insertion maneuver and confirm the lander is in a lunar orbit • Reaffirm the ability of ispace to deliver spacecraft and payloads into stable lunar orbits
Success 8 (Complete)	Completion of all Orbital Control Maneuvers in Lunar Orbit	Launch + 4.5 months	• Complete all planned lunar orbital control maneuvers before the landing sequence • Confirm the lander is ready to start the landing sequence
Success 9 (Incomplete)	Completion of Lunar Landing Sequence	Launch + 4.5 months	• Complete the landing sequence, verifying key landing abilities for future missions
Success 10 (Incomplete)	Establish Steady System State after Landing	Launch + 4.5 months	• Establish a steady telecommunication and power supply for the lander on the lunar surface after landing

**1 Orbital maneuver: the process of changing the attitude, position, or orbit etc. of a spacecraft by controlling actuators (devices that convert energy into motion) of a system such as propulsions*

**2 Flyby: Flyby is a term used to describe spaceflight in which a spacecraft passes close to a celestial body. It is a type of navigation that uses the gravity of a passing celestial body to change its orbit to explore that celestial body or to reach another destination*

5. (Reference) Mission 2 Overview