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Securities code: 290A
March 10, 2025
(Commencement date of measures for electronic provision: March 3, 2025)

To Shareholders with Voting Rights:

Motoyuki Arai
Founder and CEO
Synspective Inc.
3-10-3 Miyoshi, Koto-ku, Tokyo,
Japan

NOTICE OF
THE 7TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 7th Annual General Meeting of Shareholders of Synspective Inc. (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, measures for electronic provision of information will be implemented, and matters subject to the measures for electronic provision are posted on the following website on the Internet under the Notice of the 7th Annual General Meeting of Shareholders.

[Company's website]
https://synspective.com/ir/

In addition to the above, they are also posted on the following website on the Internet.

[Tokyo Stock Exchange's website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the website above, enter and search for the company name or securities code, and select "Basic information" and "Documents for public inspection/PR information" in that order to view the contents.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders and follow the instructions on Instructions for the Exercise of Voting Rights to exercise your voting rights no later than 6:00 p.m. on Monday, March 24, 2025, Japan time.

1. **Date and Time:** Tuesday, March 25, 2025 at 3:00 p.m. Japan time
(Reception starts at 2:30 p.m.)

2. **Place:** Banquet Hall "Sakura," 2nd Floor, Courtyard Marriott Ginza Tobu Hotel
6-14-10 Ginza, Chuo-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report and Consolidated Financial Statements for the Company's 7th Fiscal Year (January 1, 2024 - December 31, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Board of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the Company's 7th Fiscal Year (January 1, 2024 - December 31, 2024)

Proposals to be resolved:

Proposal: Election of One (1) Director

- If there are no indications for or against the proposals on the Voting Forms, the Company will assume that there is an indication of intent to approve them.
- If revisions are made to the measures for electronic provision of information, the Company will post details on the websites containing them.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal: Election of One (1) Director

The Company requests the election of one (1) new Director.

The candidate for Director is as follows. Director Hideki Kanayama will retire at the conclusion of this Annual General Meeting of Shareholders

Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
Makoto Enomoto (June 4, 1963)	July 1989	Joined Deloitte Touche Tohmatsu LLC	– shares
	August 1996	Joined Asahi Audit Corporation (currently PwC Consulting LLC)	
	April 2009	Joined IBM Japan, Ltd.	
	May 2013	Joined Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.) Executive Officer	
	May 2015	Joined NEC Corporation Executive Officer	
	April 2020	Joined NEC VALWAY, Ltd. Outside Director	
	June 2022	Joined EY Japan Co., Ltd. Chief Branding Officer (to present)	
[Reason for nomination as candidate for Outside Director and expected roles] Mr. Makoto Enomoto has extensive experience and broad insight in the field of marketing and has experience in management at several global companies. In the present situation where overseas marketing is important, he is expected to, based on his experience and insight, strengthen the Company's management system through advice and guidance on the Company's management and appropriate supervision from an objective perspective. Therefore, the Company requests his election.			

(Notes) 1. There are no special interests between the candidate and the Company.

2. If the election of Mr. Makoto Enomoto is approved, the Company and he will enter into an agreement that limits liability for damages under the provision of Article 427, Paragraph 1 of the Companies Act. The maximum liability under this agreement is the minimum liability amount set forth by laws and regulations.
3. Mr. Makoto Enomoto is an Outside Director candidate.
4. The Company entered into a directors and officers liability insurance contract with an insurance company, and the candidate is a person insured under the insurance contract. For the outline of the insurance contract, please see "4. Matters Concerning Directors and Audit & Supervisory Board Members" in the Business Report section. At the next renewal, we plan to renew the contract on the same terms and conditions.

Business Report

(January 1, 2024 - December 31, 2024)

1 Overview of the Corporate Group

1. Business progress and results

During the fiscal year under review, the Japanese economy is expected to grow steadily as a result of increasing real income and slowing inflation and continue to recover gradually, despite economic downside risks due to increased tensions in the Middle East and the uncertain outlook of the Chinese economy. In the space industry, the Space Strategy Fund, which is a long-term and large-scale support of ¥1 trillion over 10 years, was established at the Japan Aerospace Exploration Agency (JAXA). In Phase 1, which started in fiscal 2024, the Company was selected to receive support for the "accelerating commercial satellite constellation deployment" initiative (with a total budget of ¥95 billion; four companies were selected). Additionally, the Ministry of Defense has earmarked ¥283.2 billion in the fiscal 2025 budget for the construction of a "satellite constellations," making it a year in which government policies to position the space industry a growth sector in the Japanese economy became more concrete.

Under these circumstances, the Group obtained the first image (first light) from the fourth small SAR satellite launched on March 13, 2024, on April 8, 2024, the first image from the fifth small SAR satellite launched on August 3, 2024, on September 17, 2024, and the first image from the sixth small SAR satellite launched on December 21, 2024, on January 16, 2025. Furthermore, as the Company is the selected contractor for the "Fiscal 2024 Demonstration for Expanding the Use of Small SAR Satellite Constellations" promoted by the Cabinet Office's Space Development Strategy Promotion Office, and for the space demonstration of small SAR satellites suitable for security purposes promoted by the Ministry of Defense, it has delivered products to multiple domestic government agencies. The provision of existing services, such as the "Land Displacement Monitoring" service and the "Flood Damage Assessment" service, as well as joint solution development projects with clients, continues to progress smoothly.

As a result of technological development, the Company succeeded in acquiring images with the highest resolution in Japan, azimuth resolution of 25 cm, during test observations using a new imaging mode, the "staring spotlight mode."

Regarding satellite manufacturing, the "Yamato Technology Center," a manufacturing site for small SAR satellites, commenced operations in September 2024, establishing a robust production system to realize the construction of satellite constellations.

Additionally, concerning satellite launch contracts, the Company agreed to launch 10 satellites using the Electron rocket provided by Rocket Lab (headquartered in California, USA, CEO: Sir Peter Beck) from 2025 onwards.

As a result, net sales for the fiscal year under review was ¥2,316,649 thousand (up 67.1% from the previous fiscal year), operating loss was ¥3,070,206 thousand (a loss of ¥1,795,927 thousand for the previous fiscal year), ordinary loss was ¥3,594,948 thousand (a loss of ¥1,951,232 thousand for the previous fiscal year), and net loss attributable to owners of parent was ¥3,592,954 thousand (a loss of ¥1,520,458 thousand for the previous fiscal year).

The Group operates only one business segment, the satellite data business. Therefore, business results by segment are omitted.

2. Status of financing, etc. (limited to important items)

(1) Financing

The Board of Directors resolved on March 28, 2024 to issue 22,437 new shares (Class D preferred stock) by third-party allotment for the purposes of securing long-term stable earnings, putting in place satellite manufacturing facilities and other equipment to raise productivity, and securing working capital, and the payment for these new shares was completed on April 12, 2024. (Issue price: ¥78 thousand per share, total issue amount: ¥1,750,086 thousand)

The Board of Directors resolved on April 11, 2024 to issue 7,052 new shares (Class D preferred stock) by third-party allotment for the purposes of securing long-term stable earnings, putting in place satellite manufacturing facilities and other equipment to raise productivity, and securing working capital, and the payment for these new shares was completed on April 25, 2024. (Issue price: ¥78 thousand per share, total issue amount: ¥550,056 thousand)

The Board of Directors resolved on May 22, 2024 to issue 43,591 new shares (Class D preferred stock) by third-party allotment for the purposes of securing long-term stable earnings, putting in place satellite manufacturing facilities and other equipment to raise productivity, and securing working capital, and the payment for these new shares was completed on June 10, 2024. (Issue price: ¥78 thousand per share, total issue amount: ¥3,400,098 thousand)

The Company procured long-term borrowings totaling ¥4,270,000 thousand from financial institutions for the purpose of securing flexible and stable financing means to meet the financing needs for satellite manufacturing and launches that are expected to arise as the business grows.

The Company listed its stock on the Tokyo Stock Exchange Growth Market on December 19, 2024. On listing its stock, the Company raised funds of ¥9,459,064 thousand by issuing 21,304,200 new shares through a public offering (offering through book building method) with a payment date of December 18, 2024.

(2) Capital investment

The total amount of capital investment made by the Group during the fiscal year under review was ¥7,363,300 thousand (including construction in progress), which mainly consisted of satellite components. There was no retirement or sale of significant facilities during the fiscal year under review.

The Group operates only one business segment, the satellite data business. Therefore, business results by segment are omitted.

3. Status of assets and income for the previous three fiscal years

1) Status of assets and income of the corporate group for the previous three fiscal years

Item	The 4th fiscal year ended December 31, 2021	The 5th fiscal year ended December 31, 2022	The 6th fiscal year ended December 31, 2023	The 7th fiscal year ended December 31, 2024 (Fiscal year under review)
Net sales (Thousands of yen)	–	492,413	1,386,283	2,316,649
Ordinary loss (Thousands of yen)	–	(4,340,711)	(1,951,232)	(3,594,948)
Loss attributable to owners of parent (Thousands of yen)	–	(6,272,235)	(1,520,458)	(3,592,954)
Basic earnings per share (Yen)	–	(88.42)	(20.60)	(42.78)
Total assets Thousands of yen)	–	9,893,170	11,314,943	28,195,336
Net assets (Thousands of yen)	–	8,092,159	7,870,638	19,872,941
Net assets per share (Yen)	–	(179.97)	(193.87)	179.54

(Notes) 1. The status for the 4th fiscal year is not provided because the Company has prepared a consolidated financial report since the 5th fiscal year.
2. The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. Assuming that this stock split was conducted at the beginning of the 5th fiscal year, the Company determines basic earnings per share and net assets per share.
3. Net assets per share for the 5th and 6th fiscal years is calculated by subtracting from the total amount of net assets the value of residual assets distributed in preference to Class A preferred stock, Class B preferred stock, Class C1 preferred stock, and Class D preferred stock; the calculation result is negative.
4. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) since the 5th fiscal year. For the status of assets and income in the 5th fiscal year and beyond, figures after applying the Accounting Standard are provided.

2) Status of assets and income of the Company for the previous three fiscal years

Item	The 4th fiscal year ended December 31, 2021	The 5th fiscal year ended December 31, 2022	The 6th fiscal year ended December 31, 2023	The 7th fiscal year ended December 31, 2024 (Fiscal year under review)
Net sales (Thousands of yen)	52,401	498,743	1,414,347	2,342,603
Ordinary loss (Thousands of yen)	(2,460,388)	(4,333,721)	(2,000,823)	(3,568,804)
Net loss (Thousands of yen)	(2,465,368)	(6,265,062)	(1,559,650)	(3,566,609)
Basic earnings per share (Yen)	(6,738.90)	(88.32)	(21.13)	(42.47)
Total assets (Thousands of yen)	9,136,240	9,939,090	11,300,164	28,252,789
Net assets (Thousands of yen)	8,939,441	8,124,448	7,864,980	19,894,443
Net assets per share (Yen)	(16,646.56)	(179.52)	(193.95)	179.74

(Notes) 1. The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. Assuming that this stock split was conducted at the beginning of the 5th fiscal year, the Company determines basic earnings per share and net assets per share.
2. Net assets per share for the 4th to 6th fiscal years is calculated by subtracting from the total amount of net assets the value of residual assets distributed in preference to Class A preferred stock, Class B preferred stock, Class C1 preferred stock, and Class D preferred stock; the calculation result is negative.
3. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) since the 5th fiscal year. For the status of assets and income in the 5th fiscal year and beyond, figures after applying the Accounting Standard are provided.

4. Issues to be addressed

The Group posted recurring operating losses and it recognizes that there are events or conditions which indicate there could be substantial doubt regarding going concern assumption.

The main reason is that the manufacturing and launching of satellites involves a significant prior investment, which takes time to recover.

To overcome such events or conditions, the Group will increase the total number of satellites as soon as possible, which is a driver of revenue growth in the satellite data business, the Group's major business. Then, the Group will promote the revision of strategies and the expansion of business, increase sales through expansion of market share, and strive to secure stable profitability and improve corporate value.

Specifically, the Group is addressing the following issues as key issues.

1) Building a mass production system

The Group recognizes that the SAR satellite data market has strong oligopolistic tendencies due to supply constraints relative to the size of global demand for security and disaster prevention. In order to meet this global demand, building a mass production system and increasing the number of satellites in operation as early as possible is an important challenge for the foreseeable future.

The Group has manufactured and launched six satellites to date, and generally manufactures one to two satellites per year. In order to build a constellation of multiple satellites, preparations are currently underway to establish a mass production system capable of simultaneously producing up to 12 small SAR satellites per year, and plans are to gradually expand production by this system going forward. To facilitate this mass production, the Group intends to hire and train the requisite workforce, establish a manufacturing system, and work closely with partner companies.

2) Secure funding for satellite manufacturing and launching

The Group has already started manufacturing small SAR satellites for mass production of up to about 12 satellites per year. Since payments for the manufacture and launch of satellites are incurred

prior to sales, securing the funds upfront presents a key challenge.

Although the Group was able to secure a certain amount of funds through the public listing, it will need to raise funds on an ongoing basis even after the listing. Therefore, the Group intends to secure, expand, and diversify funding sources through capital increases from the stock market and loans from banks.

3) Organizational strategy

The business of the Group spans a wide range of hardware and software applications. In addition, it is difficult to recruit highly specialized engineers, including those for SAR systems and satellite development, necessitating aggressive global hiring. To cope with uncertainty and to make the organization more appealing, the Group continues to make improvements on a daily basis by aiming for an organization where a group of experts in leadership roles can pursue organizational learning through free discussion and trial and error. The Group is also working to boost its global presence and recruiting capabilities through aggressive outreach to international conferences and the press.

4) Business strategy

In order to establish a customer base for data sales, it is necessary to ensure satellite data/service quality that meets the specifications required by the government agencies that will be major customers. While currently selling data to domestic public agencies, the Group continues to communicate with national governments through channel building, dialogue and provision of sample data on the content of services, the purchase budget amount, and the required data quality.

On the other hand, solutions require sales activities that strike a balance between a strategic perspective in the medium term and securing revenue in the short term. Based on current product version solution development, the Group is working with partners on public works and ODA projects that will be effective in securing long-term projects in Japan, while also working to expand overseas, where the business climate is different.

5) Compliance with regulations

In the conduct of the Group's business, it takes considerable man-hours and time to comply with regulations, in particular, the Act on Ensuring Appropriate Handling of Satellite Remote Sensing Data and the Radio Act. The Group will continue to coordinate information with relevant ministries and agencies to make the application process more efficient, keeping pace with the latest technological trends.

6) Enhancing the internal control system

The Group, which handles sensitive satellite data, recognizes the need to maintain a high level of awareness of and to continually strengthen corporate governance, internal controls, and information management and security. The Group will continue to actively gather information on the latest technological trends and important pending issues to ensure more robust action.

At the end of the fiscal year under review, the Company held cash and deposits of ¥14,239,861 thousand, as a result of considering our cash-flow situation over the next 12 months from the end of the fiscal year under review, there is no significant concern about the cash-flow situation as it has operating funds for the time being.

Consequently, the Company has determined that there are no significant uncertainties over going concern assumption.

The Company appreciates the continued understanding and support from shareholders.

5. Principal business

Business	Major service
Satellite data business	Development of small SAR satellite and ground facilities, sale of SAR satellite data, and development and sale of solutions related to satellite data

6. Principal business locations and plants, and the status of employees

(1) Principal business locations

Name	Location
Head Office	Koto-ku, Tokyo
Yamato Plant	Yamato City, Kanagawa Prefecture

(2) Status of employees

1) Status of employees of the corporate group

Number of employees	Change from the end of the previous fiscal year
192	Increased by 29

(Notes) 1. The employees do not include contract employees, temporary employees, part-timers, and non-regular employees.
2. The Group operates only one business segment, and thus the number of employees by segment is not provided.
3. The number of employees increased by 29 in the fiscal year under review. This was because the Company was actively recruiting new employees to expand its business.

2) Status of employees of the Company

Number of employees	Change from the end of the previous fiscal year
186	Increased by 27

(Notes) 1. The employees do not include contract employees, temporary employees, part-timers, and non-regular employees.
2. The Group operates only one business segment, and thus the number of employees by segment is not provided.
3. The number of employees increased by 27 in the fiscal year under review. This was because the Company was actively recruiting new employees to expand its business.

7. Status of principal parent company and subsidiaries

1) Status of the parent company
Not applicable.

2) Status of subsidiaries

Company name	Capital	Company's investment ratio	Main business
Synspective SG Pte. Ltd.	SGD 27 thousand (JPY 2,257 thousand)	100%	Sale of SAR satellite data and provision of related solutions
Synspective Japan, Inc.	JPY 9,000 thousand	100%	Design, manufacturing, testing, sales, operation, management, and maintenance related to spacecraft, ground facilities and computer systems, and information communications networks

(Notes) 1. Synspective SG Pte. Ltd. is an insolvent company with net liabilities of ¥6,306 thousand as of December 31, 2024.
2. There is no company that files a registration statement of securities or a securities report.

8. Major lenders and amount of borrowings

Lender	Borrowings outstanding
Syndicated loan	¥4,988,000 thousand
The Shoko Chukin Bank, Ltd.	¥1,300,000 thousand
Sumitomo Mitsui Banking Corporation	¥1,000,000 thousand

(Note) The syndicated loan is offered by MUFG Bank, Ltd., as the arranger, and three other banks.

9. Other important matters concerning the current status of the corporate group

The Company listed on the Tokyo Stock Exchange Growth Market on December 19, 2024.

2 Status of Shares

1. Total number of shares authorized to be issued: common stock 168,000,000 shares

(Notes) 1. Based on the resolution at the extraordinary general meeting of shareholders held on June 7, 2024, the Company partially amended its Articles of Incorporation and increased the total number of shares of common stock authorized to be issued, effective June 7, 2024. With this, the total number of shares of common stock authorized to be issued became 1,120,000. In addition, based on the resolution on changes to the Articles of Incorporation at the extraordinary general meeting of shareholders held on the same day, the Company abolished the provisions of the Articles of Incorporation regarding Class A preferred stock, Class B preferred stock, Class C1 preferred stock, and Class D preferred stock, effective June 24, 2024, and adopted the share unit system where one unit is 100 shares.

2. Based on the resolution at the Board of Directors meeting held on June 7, 2024, the Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. The Company also made changes associated with this to the Articles of Incorporation, and the total number of shares authorized to be issued increased by 166,880,000 to 168,000,000.

2. Total number of shares outstanding: common stock 108,249,150 shares

(Notes) 1. As a result of the third-party allotment of new shares (issuance of 22,437 shares of Class D preferred stock) effective April 12, 2024, third-party allotment of new shares (issuance of 7,052 shares of Class D preferred stock) effective April 25, 2024, and third-party allotment of new shares (issuance of 43,591 shares of Class D preferred stock) effective June 10, 2024, the total number of shares outstanding became as follows: 100,000 shares of common stock, 86,200 shares of Class A preferred stock, 160,558 shares of Class B preferred stock, 131,794 shares of Class C1 preferred stock, and 89,749 shares of Class D preferred stock. After that, the Company acquired all preferred stock issued based on a put option to be exercised in exchange for common stock, effective June 12, 2024 and, in return, delivered the Company's common stock to preferred shareholders. All preferred stock the Company acquired was cancelled, effective June 23, 2024. At the extraordinary general meeting of shareholders held on June 7, 2024, the Company abolished the provisions of the Articles of Incorporation to the effect that class shares are to be issued, effective June 24, 2024.

2. Based on the resolution at the Board of Directors meeting held on June 7, 2024, the Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. This increased the total number of shares outstanding by 86,365,317 to 86,944,950. In addition, due to listing on the Tokyo Stock Exchange Growth Market on December 19, 2024, the total number of shares outstanding increased by 21,304,200 through public offering.

3. Based on the resolution at the extraordinary general meeting of shareholders held on June 7, 2024, the Company adopted the share unit system where one unit is 100 shares, effective June 24, 2024.

3. Number of shareholders at the end of the fiscal year under review: 6,257 persons

4. Top 10 shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio
Mitsubishi Electric Corporation	12,500,000	11.54%
Space aSTART 1 Limited Partnership	8,611,200	7.95%
JAFCO SV5 Investment Limited Partnership	7,339,800	6.78%
Shimizu Corporation	6,944,400	6.41%
SP aSTART 1 Limited Partnership	6,469,050	5.97%
Motoyuki Arai	5,819,400	5.37%
Japan Growth Capital Investment Corporation	5,053,650	4.66%
Seiko Shirasaka	4,500,000	4.15%
Hulic Co., Ltd.	3,750,000	3.46%
Mori Trust Co., Ltd.	2,399,700	2.21%

(Note) The Company does not hold treasury shares.

5. Status of shares granted to the Company's officers as compensation for the performance of their duties during the fiscal year under review

Not applicable.

3 Matters Concerning Share Acquisition Rights, etc.

1. Matters concerning shares acquisition rights granted as compensation for the performance of duties, among share acquisition rights owned by corporate officers

	Series (exercise price)	Exercise period	Quantity	Class and number of underlying shares	Number of holders
Directors (excluding Outside Directors)	3rd (¥134)	July 1, 2023 to September 29, 2032	1,684	252,600 shares of common stock	2
	4th (¥134)	10 years from June 10, 2024	2,064	309,600 shares of common stock	2
Audit & Supervisory Board Members	3rd (¥134)	July 1, 2023 to September 29, 2032	42	6,300 shares of common stock	1
	4th (¥134)	10 years from June 10, 2024	195	29,250 shares of common stock	1

(Note) 1. The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. As a result, this stock split is reflected in the calculation of the "class and number of underlying shares."

2. Matters concerning share acquisition rights granted to employees, etc. as compensation for the performance of duties during the fiscal year

Name		4th share acquisition right
Date of resolution		June 7, 2024
Number of share acquisition rights (Note) 1		41,772
Class and number of shares underlying share acquisition rights (Notes) 1, 2		6,265,800 shares of common stock
Exercise price of share acquisition rights (Notes) 1, 2		134 yen per share
Exercise period of share acquisition rights		10 years from June 10, 2024
Conditions for exercise of share acquisition rights		(Note) 3
Status of issuance to employees, etc.	Employees of the Company	Number of share acquisition rights: 40,724 Number of underlying shares: 6,108,600 Number of persons subject to issuance: 159
	Officers and employees of the Company's subsidiaries	Number of share acquisition rights: 1,048 Number of underlying shares: 157,200 Number of persons subject to issuance: 5

(Notes) 1. The above information is as of the end of the fiscal year under review (December 31, 2024).

2. The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. As a result, this stock split is reflected in the calculation of the "class and number of underlying shares."

3. The conditions for the exercise of the share acquisition rights are as follows.
The exercise of the share acquisition rights requires that acquisition events set forth below do not occur for the share acquisition rights to be exercised or persons who have the share acquisition rights (the "Right Holders"), unless otherwise approved by the Company.

(1) In the event of an absorption-type merger or consolidation-type merger where the Company becomes an absorbed entity, an absorption-type split or consolidation-type split where the Company becomes a split entity, or a share exchange or transfer where the Company becomes a wholly owned subsidiary

(2) In the event where a written agreement on share transfer, to be conducted simultaneously or practically simultaneously, where a certain third party (including shareholders of the Company) simultaneously will hold a majority of the total number of shares issued is reached between holders of the shares and the third party

(3) In the event when share transfer by a partial share exchange where the Company becomes a subsidiary company resulting from the partial share exchange is approved by the Company's approval that is required under laws and regulations or under the Articles of Incorporation of the Company or when the effective date of the partial share exchange arrives.

(4) In the event when the Company approves a demand for sale of shares, etc. (as defined in Article 179-3, Paragraph 1 of the Companies Act) by a shareholder of the Company.

(5) In the event when a Right Holder loses any of the following positions:
1) Director or Audit & Supervisory Board Member of the Company or its subsidiary (a Company's subsidiary set forth in Article 2, Item 3 of the Companies Act; the "Subsidiary")
2) An employee of the Company or Subsidiary
3) A person who has a continuing contractual relationship, such as commission and contract, with the Company or Subsidiary, regardless of whether he/she is a counselor, an adviser, a consultant, or any other person

(6) In the event where any of the following events occurs:
1) A Right Holder is sentenced to imprisonment or severer punishment.
2) A Right Holder competes with the Company or Subsidiary when the Right Holder directly or indirectly establishes a corporation operating a business that competes with that of the Company or Subsidiary, or the Right Holder is appointed its officer, employee, counselor, adviser, consultant, or any other position, except as approved by prior written approval of the Company.
3) A Right Holder damages the credibility of the Company or Subsidiary by illegal business practices or other irregular practices.
4) A Right Holder receives a petition for seizure, provisional seizure, provisional injunction,

compulsory execution, or auction, or receives a disposition for failure to pay taxes and public charges.

5) A Right Holder goes into suspension of payments or insolvency, or issued or accepted notes or checks are dishonored.

6) A Right Holder receives a petition for commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate rehabilitation proceedings, special liquidation proceedings, or other similar proceedings.

7) A resolution to dissolve is adopted for a Right Holder.

8) A Right Holder is found to be an anti-social force (an organized crime group, a member or an associate member of an organized crime group, a related company or association of an organized crime group, a corporate racketeer, or any other group or individual who pursues economic interests by the use of violence, force, or a fraudulent means; hereinafter the same shall apply) or to have connections or relationships with an anti-social force through financing, etc.

9) A Right Holder breaches a contract entered into with the Company regarding these rules or the share acquisition rights.

(7) In the event when any of the following events occurs in the case where a Right Holder is a Director, an Audit & Supervisory Board Member, or an employee of the Company or Subsidiary (including the case where a Right Holder takes any of these positions after issuance of the share acquisition rights):

1) A Right Holder falls under any of the grounds for disciplinary action set forth in the rules of employment of the Company or Subsidiary that apply to the Right Holder.

2) A Right Holder is in violation of the duties to the Company or Subsidiary, such as the duty of loyalty as a Director.

3) The exercise of the share acquisition rights is subject to a Right Holder being alive, and if a Right Holder dies, the share acquisition rights shall not be inherited and shall become unexercisable.

4) A Right Holder shall not be able to exercise the share acquisition rights during the period until the shares of the Company are listed on a financial instruments exchange, except as otherwise approved by the Company.

5) The share acquisition rights shall be exercised per share acquisition right, and partial exercise of each share acquisition right shall not be permitted.

6) The total amount of exercise prices of the share acquisition rights exercised in one year (January 1 to December 31 of each year) shall not exceed 12 million yen, and a Right Holder may exercise allocated share acquisition rights only within this limit.

7) Other conditions for exercise of the share acquisition rights shall be as specified in a contract for allocation of share acquisition rights that is entered into between the Company and share acquisition right holders.

3. Other important matters concerning share acquisition rights

Not applicable.

4 Matters Concerning Directors and Audit & Supervisory Board Members

1. Names, etc. of Directors and Audit & Supervisory Board Members

Position and duty	Name	Significant concurrent positions
Founder and CEO	Motoyuki Arai	CEO of Synspective SG Pte., a foreign subsidiary Representative Director of Synspective Japan, Inc., a subsidiary
Director	Toshihiro Obata	Director of Synspective Japan, Inc., a subsidiary
Director	Atsushi Shito	Director of Synspective Japan, Inc., a subsidiary
Director	Hideki Kanayama	General Manager of Space Programs, Emerging Frontiers Division, Shimizu Corporation
Director	Kan Ebisawa	Director and Chairman of Mobile Internet Capital, Inc.
Director	Yuko Atsumi	Partner of Kollect Partners Law Office Outside Director of TKC Corporation
Audit & Supervisory Board Member	Miho Hattori	Representative of Miho Hattori Certified Accountant / Tax Accountant Office
Audit & Supervisory Board Member	Ryugo Yoshimura	Partner of Kensei Law Offices Outside Corporate Auditor of FORCIA, Inc.
Audit & Supervisory Board Member	Takao Toda	Board Member of The Ajinomoto Foundation

(Notes)
1. Mr. Hideki Kanayama, Mr. Kan Ebisawa, and Ms. Yuko Atsumi are Outside Directors.
2. Ms. Miho Hattori, Mr. Ryugo Yoshimura, and Mr. Takao Toda are Outside Audit & Supervisory Board Members.
3. Director Atsushi Shito and Audit & Supervisory Board Member Miho Hattori are qualified as certified public accountants and have considerable knowledge about financing and accounting.
4. Director Yuko Atsumi and Audit & Supervisory Board Member Ryugo Yoshimura are qualified as lawyers and have considerable knowledge about legal affairs.
5. Ms. Yuko Atsumi changed her family name to Kikuchi because of marriage but conducts attorney services, etc. with her original family name of Atsumi.
6. The Company designates Directors Kan Ebisawa and Yuko Atsumi, and Audit & Supervisory Board Members Miho Hattori, Ryugo Yoshimura, and Takao Toda as independent officers based on the provisions of the Tokyo Stock Exchange and has reported this to the Tokyo Stock Exchange.

2. Directors and Audit & Supervisory Board Members who retired during the fiscal year

Position at the time of retirement	Name	Duty and significant concurrent positions at the time of retirement	Date of retirement
Director	Tomotake Kitazawa	Partner of JAFCO Group Co., Ltd.	June 7, 2024
Director	Kazumasa Watanabe	Representative Director and CEO of aSTART Co., Ltd.	June 7, 2024

(Note) Mr. Tomotake Kitazawa and Mr. Kazumasa Watanabe retired due to resignation.

3. Amount of compensation, etc. for Directors and Audit & Supervisory Board Members

1) Matters concerning the policy for determining the details of compensation for individual Directors and Audit & Supervisory Board Members

The compensation of officers is determined within the compensation limit for Directors and Audit & Supervisory Board Members that is specified by a resolution of a general meeting of shareholders. As for the amount of compensation for each Director and each Audit & Supervisory Board Member, in the case of Directors, it is determined by a resolution of the Board of Directors after their functions, performance, accomplishments, etc. are considered comprehensively, and in the case of Audit & Supervisory Board Members, it is determined by discussion by Audit & Supervisory Board Members at a meeting of the Audit & Supervisory Board.

2) Matters concerning the resolution of a general meeting of shareholders regarding compensation for Directors and Audit & Supervisory Board Members

The maximum compensation was determined to be within ¥200,000 thousand a year for Directors and within ¥30,000 thousand a year for Audit & Supervisory Board Members, by the resolution at the Annual General Meeting of Shareholders held on March 24, 2022. At the time of this resolution, the number of Directors was seven, and the number of Audit & Supervisory Board Members was three.

3) Matters concerning delegation for determining the details of compensation for individual Directors

It was decided at the Annual General Meeting of Shareholders held on March 24, 2022 to entrust the Board of Directors with determining the actual amount of compensation for each Director.

4) The amount of compensation for Directors and Audit & Supervisory Board Members

Classification of officers	Total amount of compensation (Thousands of yen)	Total amount of compensation by kind (Thousands of yen)			Number of eligible officers (Persons)
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (of which, Outside Directors)	68,074 (2,700)	47,700 (2,700)	− (−)	20,374 (−)	5 (2)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	12,424 (12,424)	10,500 (10,500)	− (−)	1,924 (1,924)	3 (3)

(Note) The number of Directors was six (of which three were Outside Directors), and the number of Audit & Supervisory Board Members was three (of which three were Outside Audit & Supervisory Board Members) at the end of the fiscal year under review. These are different from the above number of eligible persons because there is one uncompensated Director. Note that the two Directors who retired on June 7, 2024 are not included in the table above because they were uncompensated.

4. Outline of the directors and officers liability insurance contract

The Company and an insurance company entered into a directors and officers liability insurance contract that is set forth in Article 430-3, Paragraph 1 of the Companies Act, and all insurance premiums will be borne by the Company. Insured persons under this insurance contract are Directors, Audit & Supervisory Board Members, and Executive Officers. The insurance contract is intended for the insurance company to cover damages that can occur due to the fact that eligible officers who are insured persons are liable or held liable for their execution of duties. Under the insurance contract, claims for damages resulting from an act to gain private interests illegally, a criminal act, or an act committed with the knowledge that it violates laws and regulations are exclusions. This is to ensure the appropriateness of the execution of duties of eligible officers who are insured persons.

5. Matters concerning outside officers

1) Relationship between other corporations, etc. where outside officers hold significant concurrent positions and the Company

Shimizu Corporation, where Outside Director Hideki Kanayama has a significant concurrent position, possesses 6,944,400 shares of the Company's common stock. This company had business relations with the Company in the past but did not have transactions in the most recent fiscal year.

The Company does not have personnel relations, capital relations, business relations, or other interests with other corporations, etc. where Outside Directors other than Mr. Hideki Kanayama and Outside Audit & Supervisory Board Members hold significant concurrent positions.

2) Relationship with specified associated companies such as major suppliers

Not applicable.

3) Main activities of outside officers

Category	Name	Main activities
Director	Hideki Kanayama	He attended all the Board of Directors meetings held in the fiscal year under review and appropriately made necessary comments for proposals and deliberations from the perspective of his extensive experience mainly in the space area.
Director	Kan Ebisawa	He attended all the Board of Directors meetings held in the fiscal year under review and appropriately made necessary comments for proposals and deliberations from the perspective of management and technology.
Director	Yuko Atsumi	She has attended all the Board of Directors meetings held since she took the position on June 7, 2024 and appropriately made necessary comments for proposals and deliberations from a wealth of financial knowledge and a wide-ranging perspective based on her knowledge of the Companies Act and financing transactions as a lawyer and her experience in working for financial institutions.
Director	Tomotake Kitazawa	He has attended all the Board of Directors meetings held until he retired on June 7, 2024 and appropriately made necessary comments for proposals and deliberations from the perspective of management and finance.
Director	Kazumasa Watanabe	He has attended all the Board of Directors meetings held until he retired on June 7, 2024 and appropriately made necessary comments for proposals and deliberations from the perspective of management and finance.
Audit & Supervisory Board Member	Miho Hattori	She attended all the Board of Directors meetings and Audit & Supervisory Board Meetings held in the fiscal year under review and made comments on all aspects of accounting and internal control of the Company from a professional perspective mainly as a certified public accountant.
Audit & Supervisory Board Member	Ryugo Yoshimura	He attended all the Board of Directors meetings and Audit & Supervisory Board Meetings held in the fiscal year under review and made comments on building and maintenance of the Company's compliance system from a professional perspective mainly as a lawyer.

Category	Name	Main activities
Audit & Supervisory Board Member	Takao Toda	He attended all the Board of Directors meetings and Audit & Supervisory Board Meetings held in the fiscal year under review and made comments on the Company's risk management and realization of a sustainable society from a professional perspective mainly about SDGs and development.

4) Outline of the liability limitation agreement

The Company and all the Outside Directors and Outside Audit & Supervisory Board Members have entered into an agreement on limiting liability for damages under the provisions of Article 427, Paragraph 1 of the Companies Act. The total maximum liability based on this agreement is the minimum liability amount specified by laws and regulations.

5 Accounting Auditor

1. Accounting Auditor's name

KPMG AZSA LLC

2. Accounting Auditor's compensation, etc.

	Payment
Amount of Accounting Auditor's compensation, etc. for the fiscal year under review	¥61,660 thousand
Total amount of money and other property benefits to be paid by the Company and its subsidiaries	¥89,180 thousand

(Notes) 1. In the audit contract between the Company and the Accounting Auditor, there is no clear distinction between the amount of the audit fee, etc. of an audit based on the Companies Act and that of an audit based on the Financial Instruments and Exchange Act, and they cannot be distinguished practically. As such, their total value is provided as the amount of Accounting Auditor's compensation, etc. for the fiscal year under review.

2. As a result of closely examining the details of the accounting audit plan for the fiscal year under review, the audit results and audit fee in the previous fiscal year, the execution of the audit by the Accounting Auditor, and the ground for calculation of an estimate that will be the basis for the compensation after receiving explanations from the Accounting Auditor, the Audit & Supervisory Board has agreed on the amount of Accounting Auditor's compensation, etc.

3. Description of non-audit services

The Company has made payment to KPMG AZSA LLC for the preparation of a comfort letter related to new listing other than for the work in Article 2, Paragraph 1 of the Certified Public Accountant Act.

4. Policy on determination of dismissal or non-reappointment of Accounting Auditor

If the Audit & Supervisory Board determines that the Accounting Auditor is unable to execute the duties or finds other reasonable reasons, the Audit & Supervisory Board determines a proposal on dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors submits the proposal to a general meeting of shareholders according to this determination.

If the Audit & Supervisory Board finds that the Accounting Auditor falls under matters specified in each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board dismisses the Accounting Auditor by the consent of all the Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board should report the dismissal of the Accounting Auditor and the reason for the dismissal at the first general meeting of shareholders to be convened after the dismissal.

6 Matters Related to the Development of Systems, etc. to Ensure Proper Business Operations

The Company has formulated the following basic policy regarding the development of an internal control system, and as an organization that creates new value, it is committed to the development of an effective and rational internal control system for the purposes of compliance with laws and regulations, risk management of losses, and proper and efficient business operations.

1. System to ensure that the performance of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

In addition to complying with laws and regulations, the Company shall take the following actions to ensure that it operates its business with high ethical standards and promotes organized and autonomous problem-solving.

(1) Establish in the rules of employment, etc., the obligation to faithfully comply with laws, regulations, rules, and notices and to devote all efforts to the performance of duties so that the business can be operated properly and efficiently.

(2) Formulate the Group Code of Conduct, "CREDO," as specific guidelines for corporate ethics and organizational behavior for all officers and employees.

(3) Establish a Risk Compliance Committee, chaired by the Representative Director, to clarify the system of responsibility for corporate ethics, establish corporate ethics, raise compliance awareness, maintain discipline, and conduct investigations and reviews of whistleblowing reports.

(4) Strive to foster an open corporate culture, and establish a whistleblower hotline within each Group company to accept reports, whether anonymous or named. No disadvantageous treatment will be accorded to any person as a result of reporting a matter to the whistleblower hotline or the Audit & Supervisory Board Members.

(5) Conduct compliance training and other training programs to continuously raise awareness among officers and employees. In addition, conduct awareness surveys, etc., as necessary, to enhance and bolster corporate ethics, and the Company's internal systems and environment.

(6) Establish a department in charge of internal audits to conduct audits on the operation status of internal control throughout the Group, and to request improvements as it sees fit. The results shall be reported to the Representative Director, Audit & Supervisory Board Members, and the Risk Compliance Committee.

(7) Never associate with antisocial forces or groups that threaten the order and safety of civil society, and take a resolute stance against unreasonable demands in cooperation with lawyers, police, and other authorities.

2. Regulations and other systems to manage the risk of loss

The Company will take the following actions to appropriately manage risks associated with its corporate activities.

(1) Establish risk compliance rules, clarify systems for risk management responsibility, put in place a management system to avoid and prevent risks that may occur in the course of corporate activities, and respond to any risks that do occur.

(2) Establish a Risk Compliance Committee, chaired by the Representative Director, for crisis management to combat new risks related to company operations. Furthermore, for the organization to conduct risk management as a united body, detailed rules for the operation of the Risk Compliance Committee shall be formulated to prevent and prepare for the occurrence of risks and to enable accurate and prompt responses should they occur.

3. System to ensure the efficient performance of duties by Directors

To ensure efficient business operations through an appropriate division of responsibilities and supervisory structure for Directors, the Company shall take the following actions.

(1) Formulate organizational rules that define the structure of the organization, rules for segregation of duties that define the duties under the jurisdiction of each organization, and rules of authority that define the segregation of authority.

(2) Introduce an executive officer system to clearly separate the management decision-making and supervisory functions of the Board of Directors from the business execution functions of the

Executive Officers, thereby raising management agility.

(3) Formulate the Board of Directors regulations. The Board of Directors, which meets in principle once a month, will make decisions on important management matters based on relevant laws and regulations, principles of business judgment, and the duty of care of a good manager, etc. Directors will also report regularly on the status of the performance of their duties and other matters.

(4) Include independent Outside Directors on the Board of Directors in order to reinforce its role of overseeing the fairness of the performance of duties.

(5) Put in place a system for reporting from each company on matters necessary for the Group's business operations.

4. System to store and manage information related to the performance of duties by Directors

The Company shall take the following actions to manage information related to the performance of duties by Directors and to contribute to proper and efficient business operations.

(1) Formulate information security management rules, etc. to stipulate necessary matters regarding the management of documents (including related materials and those recorded on electromagnetic media; the "Documents") and other information.

(2) Store the Documents for the period necessary for business operations, in addition to periods stipulated by laws and regulations.

5. System to ensure the propriety of business operations in the Group

In addition to ensuring that transactions between Group companies are conducted appropriately in accordance with laws and regulations, the Company shall take the following actions at Group companies in order for the Group to conduct proper business operations and contribute to the growth and development of the Group as a whole.

(1) Establish a system to contact the parent company in times of crisis.

(2) Conduct employee education and training to prevent misconduct and similar acts

(3) Establish a system for information security and personal information protection.

(4) Report regularly to the parent company on financial conditions and similar matters.

(5) Conduct internal audits by the department in charge of internal audits at the parent company.

(6) Identify risks that may impede the proper and efficient execution of business by Group companies, and establish a system for appropriate risk management.

6. System to ensure the appropriateness of financial reporting

The Company shall also implement the appropriate measures to ensure the reliability of the internal control system for financial reporting in accordance with the Financial Instruments and Exchange Act.

7. Matters related to employees assisting Audit & Supervisory Board Members in their duties

(1) To ensure that audits by the Audit & Supervisory Board Members are conducted effectively, the Company shall assign employees to assist the Audit & Supervisory Board Members in the performance of their duties upon request by and in consultation with the Audit & Supervisory Board Members. Said employees shall assist the Audit & Supervisory Board Members in performing their duties by following the instructions of the Audit & Supervisory Board Members.

(2) Employees assigned to assist the duties of Audit & Supervisory Board Members shall not be subject to the direction or orders of Directors or other superiors with regard to such assistance.

(3) Personnel transfer, appraisal, etc. of employees assigned to assist the duties of Audit & Supervisory Board Members shall be determined upon consultation between Directors and Audit & Supervisory Board Members, and their independence from Directors shall be ensured.

8. System for reporting to Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries (the "Group Directors and Employees") and other systems for reporting to Audit & Supervisory Board Members

To ensure that audits by Audit & Supervisory Board Members are conducted effectively, Audit & Supervisory Board Members will be able to attend meetings of the Board of Directors and other

important meetings. In addition, Directors and employees shall report the following items to the Audit & Supervisory Board Members.

(1) In the event of the occurrence or potential occurrence of facts that may significantly damage the company
(2) Implementation status and results of internal audits
(3) In the event of a possible material fact coming to light that violates laws, regulations, or the Articles of Incorporation
(4) Important matters reported by group companies
(5) Other important compliance issues

In addition, details of reports made to the internal reporting office will be made available to Full-time Audit & Supervisory Board Members, and can be reported directly to Audit & Supervisory Board Members.

The Company shall prohibit any disadvantageous treatment of Group Directors and Employees by reason of their reporting matters to the Audit & Supervisory Board Members.

9. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

(1) At the request of Audit & Supervisory Board Members, Representative Directors, the Accounting Auditor, and the Internal Audit Office shall exchange opinions with Audit & Supervisory Board Members on a regular and ad hoc basis.
(2) Audit & Supervisory Board Members may independently contract with outside experts to obtain advice on auditing operations.
(3) When an Audit & Supervisory Board Member requests advance payment of expenses, etc. under the Companies Act in connection with the performance of his/her duties, the Company shall promptly settle such expenses, etc. unless such expenses, etc. are deemed not to be necessary for the performance of the Audit & Supervisory Board Member's duties.

7 Overview of the Operation Status of System to Ensure the Propriety of Business Operations

The Group operates as follows based on the "Basic Policy on Internal Control System."

The Company has established a company-wide Risk Compliance Committee based on the Risk Compliance Regulations to address various operational risks such as markets, information security, environment, labor, product quality and safety, etc., and the said Committee reports on company-wide and overall risk management related to the Company's operations and deliberates on what kind of measures are to be taken. The Committee also meets on an ad hoc basis as necessary.

The Board of Directors, with the attendance of Audit & Supervisory Board Members, holds regular meetings once a month in principle and ad hoc meetings as necessary to make decisions on important matters related to the execution of business operations; reports and shares information on the progress of business performance and other business matters; and oversees the execution of duties by the Directors.

The Audit & Supervisory Board conducts audits in accordance with the audit plan established by the Audit & Supervisory Board, and exchanges opinions with the Representative Director and CEO and other Directors of the Company, the Internal Audit Department, and the Accounting Auditor in an effort to deepen mutual recognition.

In accordance with the internal audit plan, the Internal Audit Office conducts internal control audits concerning the status of compliance with laws, regulations, and internal rules at each department of the Company. The results of internal audits are reported to the Representative Director and CEO and Audit & Supervisory Board Members, who give specific advice and recommendations to the audited departments and confirm the status of improvement, and the findings are reported to the Board of Directors as required.

8 Basic Policy on the Control of the Company

There are no matters requiring special mention.

9 Policy on Determination of Dividends of Surplus etc.

The Company has not paid dividends since its establishment and has not paid any dividends in the most recent fiscal year, as it recognizes that it is currently in the growth stage and that it is important to

maintain sufficient internal reserves for investment in business expansion and organizational development. The probability and timing of future dividend payments are yet to be determined. However, the Company recognizes that it is important for management to provide appropriate shareholder returns, and its policy is to consider paying stable dividends in the future, while fully taking into account the status of the Company's business infrastructure, investment plans, business performance, financial position, and other factors. The Company's policy is to make effective use of internal reserves for the future development of its business. The Company's basic policy is to pay dividends from surplus once a year at the end of the fiscal year, and the decision-making body for dividends is the general meeting of shareholders. The Company's Articles of Incorporation also stipulate that the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of June 30 of each year.

Consolidated Balance Sheets

(As of December 31, 2024)

(Thousands of yen)

Assets		**Liabilities**	
Title	Amount	Title	Amount
Current assets	**16,253,228**	**Current liabilities**	**2,229,395**
Cash and deposits	14,239,861	Short-term borrowings	1,000,000
Accounts receivable - trade	30,953	Current portion of long-term borrowings	195,000
Contract assets	1,347,920	Income taxes payable	126,115
Work in process	113,036	Contract liabilities	16,456
Supplies	313	Provision for loss on contracts	16,076
Other	521,142	Other	875,747
Non-current assets	**11,942,108**	**Non-current liabilities**	**6,093,000**
Property and equipment	**11,732,051**	Long-term borrowings	6,093,000
Buildings and structures	365,606		
Tools, furniture and fixtures	369,542	**Total liabilities**	**8,322,395**
Machinery, equipment and vehicles	8,234		
Observation satellites	5,280,542	**(Net assets)**	
Construction in progress	5,708,124	**Shareholders' equity**	**19,440,598**
Intangible assets	**35,436**	Common stock	7,679,652
Software	35,436	Capital surplus	15,343,219
Investments and other assets	**174,620**	Retained earnings	(3,582,273)
Leasehold and guarantee deposits	167,583	**Accumulated other comprehensive income (loss)**	**(5,838)**
Long-term accounts receivable - other	350,866	Foreign currency translation adjustment	(5,838)
Other	7,036	**Share acquisition rights**	**438,180**
Allowance for doubtful accounts	(350,866)	**Total net assets**	**19,872,941**
Total assets	**28,195,336**	**Total liabilities and net assets**	**28,195,336**

Consolidated Statements of Income

(January 1, 2024 - December 31, 2024)

(Thousands of yen)

Title	Amount	
Net sales		**2,316,649**
Cost of sales		**2,102,132**
Gross profit		**214,517**
Selling, general and administrative expenses		**3,284,723**
Operating loss		**(3,070,206)**
Non-operating income		
Interest income	713	
Subsidy income	192,112	
Other	2,419	195,245
Non-operating expenses		
Interest expenses	259,566	
Commission expenses	17,087	
Share issuance costs	53,177	
Listing expenses	383,560	
Other	6,595	719,988
Ordinary loss		**(3,594,948)**
Extraordinary income		
Gain on sale of non-current assets	7,323	
Gain on reversal of share acquisition rights	1,164	8,487
Extraordinary losses		
Loss on retirement of non-current assets	32	32
Loss before income taxes		**(3,586,493)**
Income taxes - current	6,460	6,460
Net loss		**(3,592,954)**
Net loss attributable to owners of parent		**(3,592,954)**

Consolidated Statements of Changes in Net Assets

(January 1, 2024 - December 31, 2024)

(Thousands of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance, January 1, 2024	100,000	9,323,216	(1,548,969)	7,874,247
Changes during period				
Issuance of new shares	7,579,652	7,579,652	–	15,159,304
Compensation for accumulated deficit	–	(1,559,650)	1,559,650	–
Net income (loss) attributable to owners of parent	–	–	(3,592,954)	(3,592,954)
Net changes in items other than shareholders' equity	–	–	–	–
Total changes during period	7,579,652	6,020,002	(2,033,304)	11,566,350
Balance, December 31, 2024	7,679,652	15,343,219	(3,582,273)	19,440,598

	Accumulated other comprehensive income (loss)		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance, January 1, 2024	(5,023)	(5,023)	1,413	7,870,638
Changes during period				
Issuance of new shares	–	–	–	15,159,304
Compensation for accumulated deficit	–	–	–	–
Net income (loss) attributable to owners of parent	–	–	–	(3,592,954)
Net changes in items other than shareholders' equity	(814)	(814)	436,766	435,952
Total changes during period	(814)	(814)	436,766	12,002,302
Balance, December 31, 2024	(5,838)	(5,838)	438,180	19,872,941

Notes to the Consolidated Financial Statements

(January 1, 2024 - December 31, 2024)

Notes to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) The number of consolidated subsidiaries: 2

Name of consolidated subsidiaries:
Synspective SG Pte. Ltd.
Synspective Japan, Inc.

(2) Name, etc. of non-consolidated subsidiaries

Not applicable.

The 2nd share acquisition rights trust was excluded from non-consolidated subsidiaries as the share acquisition rights were extinguished effective May 22, 2024 due to forfeiture of the rights by waiver by the trustee.

2. Application of the equity method

Not applicable.

3. Matters concerning business years, etc. of consolidated subsidiaries

The fiscal year-end date of all the consolidated subsidiaries is the same as the consolidated fiscal year-end.

4. Matters concerning accounting policies

(1) Standards and methods for valuation of important assets

1) Inventories

Stated at cost (method of reducing book value due to a decline in profitability).

1) Supplies Stated at cost determined principally by the specific identification method
2) Work in process Stated at cost determined principally by the specific identification method

(2) Depreciation or amortization method for important depreciable or amortizable assets

1) Property and equipment

Depreciation of property and equipment is based on the declining balance method. However, the straight-line method is applied to buildings and structures, as well as observation satellites.
The range of useful lives of principal assets is as follows:

Buildings and structures	3 to 38 years
Tools, furniture and fixtures	2 to 20 years
Machinery, equipment and vehicles	4 years
Observation satellites	5 years

2) Intangible assets

Intangible assets are amortized using the straight-line method.
The range of amortization periods of principal assets is as follows:

Software	5 years

(3) Recognition criteria for significant allowances or provisions

1) Allowance for doubtful accounts

To prepare for bad debt expenses of receivables, the Company has recorded estimated uncollectible amounts determined from historical default rates for normal receivables and assessments of collectability on an individual claim basis for specific receivables such as doubtful receivables.

2) Provision for loss on contracts

To prepare for future losses expected to be incurred due to the fulfillment of contracts, the Company has recorded estimated losses.

(4) Recognition criteria for significant revenue and expenses

The details of the main performance obligations in the principal businesses related to revenue from contracts with customers of the Company and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Sale of products

Revenue from the sale of products is based on the sale of image data generated from a small SAR satellite, StriX, developed, manufactured and operated by the Company, and the Company has a performance obligation to deliver such image data. Revenue is recognized when the said data is delivered to customers because the performance obligation is satisfied at such point of time.

2) Provision of the Company's services

Revenue from the provision of the Company's own services is based on providing solution services using various data including satellite image data, and the Company has a performance obligation to provide services based on contracts with customers. There are two types of transactions in such contracts: one is a service that is transferred at a point in time, and the other is a transaction whose performance obligation is satisfied over a certain period of time. Revenue is recognized at the time of acceptance inspection by customers for the former, while it is recognized over the period of service provision prescribed in the contracts for the latter.

3) Other

Revenue other than the above mainly involves contract services for the development and demonstration of satellites, and the Company has a performance obligation to provide services based on contracts with customers. Because services under such contracts are judged to be transferred to customers over a certain period of time, the Company measures progress toward complete satisfaction of the performance obligation included in the contract with a customer, and thereby recognizes revenue corresponding to such progress. The progress is calculated based on a ratio of costs incurred to total costs estimated, i.e., an input method.

The Company receives consideration for the above transactions generally within one year after satisfying the performance obligations, and therefore the effects of a significant financing component are not adjusted for receivables arising from such contracts with customers.

(5) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the fiscal year-end date. The foreign exchange gains and losses from such translation are recognized in the consolidated statements of income (loss). Assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the spot exchange rate on the fiscal year-end date, and revenue and expense accounts are translated into Japanese yen at the average exchange rate during the fiscal year. Differences arising from such translation are included in foreign currency translation adjustment under net assets.

(6) Other significant matters for preparing consolidated financial statements

Accounting treatment of deferred assets

Share issuance costs are fully expensed when incurred.

Notes to Accounting Estimates

(Impairment of fixed assets)

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Property and equipment	¥11,732,051 thousand
Intangible assets	¥35,436 thousand

(2) Information on significant accounting estimates about identified items

1) Calculation method

If there are any signs of impairment, whether or not impairment losses need to be recognized will be

judged by comparing the total amount of undiscounted future cash flows generating from asset groups with their book value. As a result of the judgement, if the total amount of undiscounted future cash flows is less than the book value and it is required to recognize impairment losses, the book value is written down to its recoverable value, which is the higher of either its net selling value or its value in use, and the reductions are recorded as impairment losses.

2) Key assumptions

An estimate for the undiscounted future cash flows is prepared based on business plans, which include assumptions on estimates such as expected demand, the number of satellites in operation, the expected amount of satellite image data to be provided, and the expected prices of satellite image data.

3) Effect on the consolidated financial statements for the following fiscal year

The Group carefully deliberates on the signs of impairment and the necessity of recognizing impairment losses. However, if conditions and assumptions used as a basis for the estimate vary due to changes in the market environment and the Company's business condition, it may significantly affect the amount of impairment losses on non-current assets in and after the following year.

(Allowance for doubtful accounts)

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

Long-term accounts receivable - other	¥350,866 thousand
Allowance for doubtful accounts for long-term accounts receivable	¥(350,866) thousand

(2) Information on significant accounting estimates about identified items

1) Calculation method

Allowance for doubtful accounts is provided for possible losses arising from bad debts, at estimated uncollectible amounts determined from historical default rates for normal receivables and assessments of collectability on an individual claim basis for specific receivables such as doubtful receivables.

2) Key assumptions

Allowance for doubtful accounts for normal receivables is calculated by multiplying the historical default rates, assuming that the future default rates approximate them. In assessing collectability for specific receivables such as doubtful receivables, various factors such as non-payment periods, obligors' financial position and the progress of negotiations on repayment with obligors are comprehensively considered.

3) Effect on the consolidated financial statements for the following fiscal year

The Group appropriately makes an estimate based on information currently available. However, an assessment of the collectability of those receivables includes management decisions involving uncertainties due to changes in the progress of negotiations on repayment, methods of repayment, the added value of the business itself, and other factors. Therefore, it may affect the amount of allowance for doubtful accounts in the consolidated financial statements for the following year.

Notes to the Consolidated Balance Sheets

1. Accumulated depreciation related to property and equipment: ¥1,346,796 thousand

2. The Company has entered into overdraft contracts and loan commitment contracts as well as term loan contracts with several banks to efficiently procure working capital, etc. The unused balance under these contracts is as follows.

Total amount of overdraft limit and loan commitment	¥2,000,000 thousand
Total amount of term loans	¥6,300,000 thousand
Outstanding borrowings	¥7,288,000 thousand
Balance	¥1,012,000 thousand

The above overdraft contracts, loan commitment contracts and term loan contracts include financial covenants that require the Company to maintain a certain minimum amount. Specifically, the covenants stipulate that the net assets for each fiscal year and the total of cash and deposits combined with projected future income for each quarter, minus the amount of interest-bearing debt, must meet this minimum threshold. If these covenants are breached, the Company will lose the benefit of the term at the request of the bank and will be obligated to make immediate repayment.

3. Inventories related to contracts that are expected to result in a loss are offset by the corresponding provision for loss on orders received of ¥4,393 thousand (provision for loss on orders received related to work in process).

Notes to the Consolidated Statements of Income

Provision for loss on orders received, included in the cost of sales: ¥4,393 thousand

Notes to Consolidated Statements of Change in Net Assets

1. Matters concerning the class and the number of outstanding shares at the end of the fiscal year under review

108,249,150 shares of common stock

2. Matters concerning dividends of surplus

Not applicable.

3. The class and the number of shares underlying share acquisition rights (excluding share acquisition rights for which the first day of the exercise period has not yet arrived) at the end of the fiscal year under review

9,331,800 shares of common stock

Notes to Financial Instruments

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group raises required funds through appropriation of its own funds, in principle, according to its capital investment plan and cash management plan. For projects requiring a large amount of capital, the Group's policy is to raise funds through the most suitable means, such as bank loans and capital increases, considering market conditions. Fund management is limited mainly to short-term deposits, etc., and transactions for speculative purposes are not conducted.

(2) Details of financial instruments and their risk

Accounts receivable – trade, which are trade receivables, are exposed to customer credit risk. In addition, trade receivables and trade payables denominated in foreign currencies are exposed to foreign exchange risks.

For leasehold and guarantee deposits, the Company reduces risks by grasping the credit status of receivers.

Short-term borrowings and long-term borrowings (including current portion of long-term borrowings), which are financial obligations, are used mainly for the purpose of raising funds for working capital and capital investment. The borrowings are exposed to interest rate fluctuation risk due to market conditions and the Group's credit standing. With respect to part of its borrowings, the Company has the risk of receiving a claim for advance repayment in the case of violating the financial covenants.

(3) Risk management for financial instruments

1) Credit risk management (risk of default by counterparties)

The Group monitors the status of major counterparties on a regular basis, controls maturity dates and balances of receivables from each counterparty in accordance with its credit management rules, and thereby detects early and mitigates any concerns about collectability due to the deterioration in their financial positions and other reasons.

2) Market risk management (risks of fluctuations in foreign currency exchange rates and interest rates)

With respect to the risk of fluctuations in foreign currency exchange rates for trade receivables and payables denominated in foreign currencies, the Group makes efforts to reduce the risk by receiving part of a contract amount in advance.

In addition, the Group monitors the trend of market interest rates at any time to cope with the interest rate fluctuation risk of borrowings.

3) Liquidity risk management (risks of failure to meet obligations by a due date)

The Group manages liquidity risk by maintaining the liquidity on hand, as well as having a responsible department prepare and update funding plans on a timely basis based on reports from respective departments.

(4) Supplementary explanation on fair value of financial instruments

Fair value of financial instruments is based on market prices or reasonably calculated prices in the absence of market quotations. The fair value calculation rests on variable factors and hence is subject to change depending on different assumptions used.

2. Fair values of financial instruments

Carrying amounts, fair value, and their differences are as follows.

For "cash and deposits," "accounts receivable - trade," and "short-term borrowings," descriptions are omitted because they are cash and because the fair value approximates the book value as they are settled in a short period of time.

Allowance for doubtful accounts provided individually for long-term accounts receivables - other is deducted.

	Carrying amount (Thousands of yen)	Fair value (Thousands of yen)	Difference (Thousands of yen)
Leasehold and guarantee deposits	167,583	158,022	(9,561)
Long-term accounts receivable - other	350,866		
Allowance for doubtful accounts	(350,866)		
	–	–	–
Total assets	167,583	158,022	(9,561)
Long-term borrowings (including current portion of long-term borrowings)	6,288,000	6,288,000	–
Total liabilities	6,288,000	6,288,000	–

(Note 1) Redemption schedule for monetary receivables after the fiscal year-end date

	Due in 1 year or less (Thousands of yen)	Due after 1 year through 5 years (Thousands of yen)	Due after 5 years through 10 years (Thousands of yen)	Due after 10 years (Thousands of yen)
Cash and deposits	14,239,861	–	–	–
Accounts receivable - trade	30,953	–	–	–
Leasehold and guarantee deposits	42,343	34,599	90,640	–
Total	14,313,158	34,599	90,640	–

(Note 2) Repayment schedule for short-term borrowings and long-term borrowings (including current portion of long-term borrowings) after the fiscal year-end date

	Due in 1 year or less (Thousands of yen)	Due after 1 year through 2 years (Thousands of yen)	Due after 2 years through 3 years (Thousands of yen)	Due after 3 years through 4 years (Thousands of yen)	Due after 4 years through 5 years (Thousands of yen)	Due after 5 years (Thousands of yen)
Short-term borrowings	1,000,000	–	–	–	–	–
Long-term borrowings (including current portion of long-term borrowings)	195,000	883,500	2,754,000	2,130,500	260,000	65,000
Total	1,195,000	883,500	2,754,000	2,130,500	260,000	65,000

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2: Fair value measured using observable inputs other than Level 1 inputs.
Level 3: Fair value measured using unobservable inputs.

In the cases where multiple inputs with a material impact on the fair value measurement are used, the fair value is classified into the lowest level among those to which each of these inputs belongs.

(1) Financial instruments measured at fair value

Not applicable.

(2) Financial instruments other than those measured at fair value

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	–	158,022	–	158,022
Long-term accounts receivable - other	–	–	–	–
Total assets	–	158,022	–	158,022
Long-term borrowings (including current portion of long-term borrowings)	–	6,288,000	–	6,288,000
Total liabilities	–	6,288,000	–	6,288,000

(Note) Valuation technique and inputs used in fair value measurement

Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is calculated based on the present value of future cash flows discounted at the government bond yield corresponding to the current maturity and is classified as Level 2.

Long-term accounts receivable - other

The amount expected to be collected is calculated by examining the collectability after verifying the outline, current status, and conditions of obligors for each transaction. Accordingly, the fair value of long-term accounts receivable - other is classified as Level 3. Allowance for doubtful accounts is provided for an amount expected to be uncollectible.

Long-term borrowings (including current portion of long-term borrowings)

The fair value of long-term borrowings (including current portion of long-term borrowings), all of which have variable interest rates, is considered to approximate the book value because the interest rates reflect market interest rates in the short term and the Company’s credit standing has not been changed significantly

after the transaction. Therefore, the book value is used as fair value, and is classified as Level 2.

Notes to Revenue Recognition

1. Disaggregation of revenue from contracts with customers

(Thousands of yen)

	Satellite data business
Sales of image data	924,292
Solution	548,009
Other	844,348
Revenue from contracts with customers	2,316,649
Other revenue	–
Net sales to external customers	2,316,649

2. Basic information to understand revenue from contracts with customers

This information is as presented in Notes to Significant Accounting Policies for the Preparation of Consolidated Financial Statements, 4. Matters concerning accounting policies, (4) Recognition criteria for significant revenue and expenses.

3. Information concerning the relationship between the satisfaction of performance obligations under contracts with customers and the resulting cash flows from such contracts, and the amount and timing of revenue expected to be recognized in the following fiscal year or later from contracts with customers that existed at the end of the current fiscal

(1) Balance of contract assets and contract liabilities

(Thousands of yen)

	Year-end balance
Receivables from contracts with customers	30,953
Contract assets	1,347,920
Contract liabilities	16,456

Contract assets relate to consideration for work where revenue is recognized but remains unclaimed under contracts whose performance obligations are satisfied over time. These assets are transferred to trade receivables upon completion of acceptance inspection by customers.

Changes in contract assets mainly came from revenue recognition (increase in contract assets) and transfer to trade receivables (decrease in contract assets).

Contract liabilities are advances received from customers based on contracts and correspond to performance obligations to be fulfilled in and after the following fiscal year. Contract liabilities are reversed upon recognition of revenue.

Changes in contract liabilities mainly came from the receipt of advances (increase in contract liabilities) and revenue recognition (decrease in contract liabilities).

Of the amount of revenue recognized in the fiscal year under review, the amount included in the beginning balance of contract liabilities is ¥8,076 thousand.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries have applied a practical expedient for the notes on transaction prices allocated to remaining performance obligations and do not disclose contracts with an original expected duration of one year or less. Such performance obligations are related to contract services for research and study. As of December 31, 2024, the balance of unfulfilled performance obligations was ¥391,541 thousand, and it is expected to be recognized as revenue within one year after the end of the fiscal year.

Notes to Per Share Information

Net assets per share	¥179.54
Basic earnings per share	¥(42.78)

(Note) The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. Assuming that this stock split was conducted at the beginning of the fiscal year under review, the Company determines basic earnings per share.

Notes to Significant Subsequent Events

(Issuance of new shares through a third-party allotment)

The Company listed its stock on the Tokyo Stock Exchange Growth Market on December 19, 2024. For listing, the Company resolved to make a third-party allotment of new shares to Nomura Securities Co., Ltd. regarding offering with an over-allotment option, at the Board of Directors meetings held on November 14, 2024 and December 3, 2024. The payment was completed on January 17, 2025.

(1) Subscription details	Allotment of new shares to a third party (offering with an over-allotment option)
(2) Class and number of shares issued	3,195,600 shares of common stock
(3) Allotment price	¥444 per share
(4) Total allotments	¥1,418,846 thousand
(5) Matters concerning common stock and legal capital surplus increased	Amount of common stock increased: ¥709,423 thousand Amount of legal capital surplus increased: ¥709,423 thousand
(6) Buyer	Nomura Securities Co., Ltd.
(7) Date of payment	January 17, 2025
(8) Fund utilization	As described in the Amended Registration Statement of Securities released on December 10, 2024, funds are planned to be used for development and manufacturing of satellites, relevant capital investment, and working capital for personnel expenses, training and recruiting expenses, research and development expenses, outsourcing expenses, and system usage fees associated with business development. Until the time of actual use, the Company will invest the funds in low-risk financial instruments, etc.

(Term Loan with a Commitment Period)

At the Board of Directors meeting held on February 19, 2025, the Company decided on the conclusion of a contract of a syndicated term loan with a commitment period and entered into the contract effective February 20, 2025.

Fund utilization	Business fund (for costs of satellite manufacturing and launching)
Arranger	Mizuho Bank, Ltd.
Participating financial institutions	Mizuho Bank, Ltd., The Shoko Chukin Bank, Ltd., Resona Bank, Limited, Aozora Bank, Ltd., THE SHIZUOKA BANK, LTD., Sumitomo Mitsui Trust Bank, Limited, The Kiyo Bank, Ltd., THE SHIGA BANK, LTD., THE NISHI-NIPPON CITY BANK, LTD., The Hiroshima Bank, Ltd., The Yamanashi Chuo Bank, Ltd.
Contract type	Continuous loan agreement
Contract value	¥8,100,000 thousand
Interest rate	Base rate (TIBOR) + 6%
Contract date	February 20, 2025
Commitment period	February 28, 2025 to October 29, 2027
Payment method	The first repayment is due on January 31, 2028, and subsequent repayments will be due on the last day of every month for three months thereafter in increments of one-twelfth of the total loan balance in the commitment period (12 installments).
Financial covenant	(1) In and after the fiscal year ended December 31, 2024, the amount of net assets on the consolidated balance sheets at the fiscal year-end of each fiscal year shall be maintained at ¥1 or more. (2) On a consolidated trial balance or report where the end of each quarterly period (the first period is December 2024) is regarded as the record date, the value obtained by subtracting the total of interest-bearing debt from the total of cash and deposits and expected future income shall not be less than ¥0 (provided, however, that this judgment is not made if operating profit before depreciation is ¥0 or more at the record date for preparation). <Operating profit before depreciation> Operating profit + Depreciation and amortization <Expected future income> The total amount of projects for which a document indicating money coming in (including but not limited to a contract and an issuance notice) is submitted, among the list concerning orders from government-sponsored agencies, orders from entities with an external rating of BBB or higher, and subsidies for which payments are due to be made by the end of October 2030. <Interest-bearing debt> Short-term borrowings, long-term borrowings, current portion of long-term borrowings, bonds payable, current portion of bonds payable, bonds with share acquisition rights, current portion of bonds with share acquisition rights, commercial papers, and bills discounted (excluding capital loans and public borrowing) on the balance sheet
Hypothecated assets and existence of guarantees	Pledging: After manufacturing a satellite in this matter, the Company immediately buys pre-launching insurance and launching insurance that cover the satellite and sets a pledge to the insurance claims with the first order of priority and the same order of priority, subject to a condition precedent that hypothecation is allowed according to a decision of the Space Strategy Fund. Guarantee: Unguaranteed

Non-Consolidated Balance Sheets

(As of December 31, 2024)

(Thousands of yen)

Assets		**Liabilities**	
Title	Amount	Title	Amount
Current assets	**16,219,255**	**Current liabilities**	**2,265,346**
Cash and deposits	14,185,033	Short-term borrowings	1,000,000
Accounts receivable - trade	38,090	Current portion of long-term borrowings	195,000
Contract assets	1,347,920	Accounts payable - other	721,196
Work in process	113,036	Accrued expenses	117,093
Supplies	313	Income taxes payable	126,115
Advance payments to suppliers	89,606	Contract liabilities	16,456
Prepaid expenses	103,595	Deposits received	73,408
Other	341,658	Provision for loss on contracts	16,076
Non-current assets	**12,033,534**		
Property and equipment	**11,732,051**	**Long-term liabilities**	**6,093,000**
Buildings	365,606	Long-term borrowings	6,093,000
Tools, furniture and fixtures	369,542		
Vehicles	8,234	**Total liabilities**	**8,358,346**
Observation satellites	5,280,542	**Net assets**	
Construction in progress	5,708,124	**Shareholders' equity**	**19,456,262**
Intangible assets	**35,436**	**Common stock**	**7,679,652**
Software	35,436	**Capital surplus**	**15,343,219**
Investments and other assets	**266,046**	Legal capital surplus	9,982,553
Shares of subsidiaries and associates	20,257	Other capital surplus	5,360,666
Long-term loans receivable from subsidiaries and associates	65,711	**Retained earnings**	**(3,566,609)**
Long-term prepaid expenses	7,026	Other retained earnings	(3,566,609)
Long-term accounts receivable - other	350,866	Retained earnings brought forward	(3,566,609)
Investments in capital	10		
Other	173,040	**Share acquisition rights**	**438,180**
Allowance for doubtful accounts	(350,866)	**Total net assets**	**19,894,443**
Total assets	**28,252,789**	**Total liabilities and net assets**	**28,252,789**

Non-Consolidated Statements of Income

(January 1, 2024 - December 31, 2024)

(Thousands of yen)

Title	Amount	
Net sales		**2,342,603**
Cost of sales		**2,053,993**
Gross profit		**288,609**
Selling, general and administrative expenses		**3,337,028**
Operating loss		**(3,048,418)**
Non-operating income		
Interest income	2,783	
Subsidy income	192,112	
Other	2,183	197,079
Non-operating expenses		
Interest expenses	259,566	
Commission expenses	17,087	
Share issuance costs	53,177	
Listing expenses	383,560	
Other	4,073	717,465
Ordinary loss		**(3,568,804)**
Extraordinary income		
Gain on sale of non-current assets	7,323	
Gain on reversal of share acquisition rights	1,164	8,487
Extraordinary losses		
Loss on retirement of non-current assets	32	32
Loss before income taxes		**(3,560,349)**
Income taxes - current	6,260	6,260
Net loss		**(3,566,609)**

Non-Consolidated Statements of Changes in Net Assets

(January 1, 2024 - December 31, 2024)

(Thousands of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance, January 1, 2024	100,000	3,962,550	5,360,666	9,323,216	(1,559,650)	(1,559,650)	7,863,566
Changes during period							
Issuance of new shares	7,579,652	7,579,652	–	7,579,652	–	–	15,159,304
Compensation for accumulated deficit	–	–	(1,559,650)	(1,559,650)	1,559,650	1,559,650	–
Transfer from legal capital surplus to other capital surplus	–	(1,559,650)	1,559,650	–	–	–	–
Net income (loss)	–	–	–	–	(3,566,609)	(3,566,609)	(3,566,609)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–
Total changes during period	7,579,652	6,020,002	–	6,020,002	(2,006,959)	(2,006,959)	11,592,695
Balance, December 31, 2024	7,679,652	9,982,553	5,360,666	15,343,219	(3,566,609)	(3,566,609)	19,456,262

	Share acquisition rights	Total net assets
Balance, January 1, 2024	1,413	7,864,980
Changes during period		
Issuance of new shares	–	15,159,304
Compensation for accumulated deficit	–	–
Transfer from legal capital surplus to other capital surplus	–	–
Net income (loss)	–	(3,566,609)
Net changes in items other than shareholders' equity	436,766	436,766
Total changes during period	436,766	12,029,462
Balance, December 31, 2024	438,180	19,894,443

Notes to the Non-Consolidated Financial Statements

(January 1, 2024 - December 31, 2024)

Notes to Matters Concerning Significant Accounting Policies

(1) Standards and methods for valuation of assets

Standard and method for valuation of securities

Shares of subsidiaries and associates: Stated at cost using the moving average method

Standard and method for valuation of inventories

Work in process:	Stated at cost determined by the specific identification method (method of reducing book value due to a decline in profitability)
Supplies:	Stated at cost determined by the specific identification method (method of reducing book value due to a decline in profitability)

(2) Depreciation method for non-current assets

Property and equipment

Depreciation of property and equipment is based on the declining balance method.

However, the straight-line method is applied to buildings and observation satellites.

The range of useful lives of principal assets is as follows:

Buildings	3 to 38 years
Tools, furniture and fixtures	2 to 20 years
Vehicles	4 years
Observation satellites	5 years

Intangible assets

Intangible assets are amortized using the straight-line method.

The range of amortization periods of principal assets is as follows:

Software	5 years

(3) Accounting treatment of significant deferred assets

Share issuance costs are fully expensed when incurred.

(4) Recognition criteria for allowances or provisions

1) Allowance for doubtful accounts

To prepare for bad debt expenses of receivables, the Company has recorded estimated uncollectible amounts determined from historical default rates for normal receivables and assessments of collectability on an individual claim basis for specific receivables such as doubtful receivables.

2) Provision for loss on contracts

To prepare for future losses expected to be incurred due to the fulfillment of contracts, the Company has recorded estimated losses.

(5) Recognition criteria for significant revenue and expenses

The details of the main performance obligations in the principal businesses related to revenue from contracts with customers of the Company and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Sale of products

Revenue from the sale of products is based on the sale of image data generated from a small SAR satellite, StriX, developed, manufactured and operated by the Company, and the Company has a performance obligation to deliver such image data. Revenue is recognized when the said data is delivered

to customers because the performance obligation is satisfied at such point of time.

2) Provision of the Company's services

Revenue from the provision of the Company's own services is based on providing solution services using various data including satellite image data, and the Company has a performance obligation to provide services based on contracts with customers. There are two types of transactions in such contracts: one is a service that is transferred at a point in time, and the other is a transaction whose performance obligation is satisfied over a certain period of time. Revenue is recognized at the time of acceptance inspection by customers for the former, while it is recognized over the period of service provision prescribed in the contracts for the latter.

3) Other

Revenue other than the above mainly involves contract services for the development and demonstration of satellites, and the Company has a performance obligation to provide services based on contracts with customers. Because services under such contracts are judged to be transferred to customers over a certain period of time, the Company measures progress toward complete satisfaction of the performance obligation included in the contract with a customer, and thereby recognizes revenue corresponding to such progress. The progress is calculated based on a ratio of costs incurred to total costs estimated, i.e. an input method.

The Company receives consideration for the above transactions generally within one year after satisfying the performance obligations, and therefore the effects of a significant financing component are not adjusted for receivables arising from such contracts with customers.

Notes to Accounting Estimates

(Impairment of fixed assets)

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Property and equipment	¥11,732,051 thousand
Intangible assets	¥35,436 thousand

(2) Information on significant accounting estimates about identified items

Notes are omitted as the same information is provided in the Notes to Accounting Estimates (Impairment of fixed assets) in the Notes to the Consolidated Financial Statements.

(Allowance for doubtful accounts)

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Long-term accounts receivable - other	¥350,866 thousand
Allowance for doubtful accounts for long-term accounts receivable	¥(350,866) thousand

(2) Information on significant accounting estimates about identified items

Notes are omitted as the same information is provided in the Notes to Accounting Estimates (Allowance for doubtful accounts) in the Notes to the Consolidated Financial Statements.

(Valuation of shares of subsidiaries and associates and loans to subsidiaries and associates)

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Shares of subsidiaries and associates	¥20,257 thousand
Long-term loans receivable from subsidiaries and associates	¥65,711 thousand

(2) Information on significant accounting estimates about identified items

1) Calculation method

For shares of subsidiaries and associates without market prices, their acquisition price is regarded as the

balance sheet amount. If the real value is found to have significantly decreased due to deterioration in the financial position of such subsidiaries and associates, the Company will write down the shares, unless collectability is backed by enough evidence. For loans receivable from subsidiaries and associates, the Company considers collectability on an individual claim basis and records allowance for doubtful accounts for estimated uncollectible amounts.

For the fiscal year under review, the real value and collectability of shares of subsidiaries and associates and long-term loans receivable from subsidiaries and associates have declined but are expected to recover according to the future business plan; therefore, the Company has not recorded valuation loss or allowance for doubtful accounts.

2) Key assumptions

The valuation of the collectability of shares of subsidiaries and associates and long-term loans receivable from subsidiaries and associates is based on the business plan of subsidiaries and associates. In the business plan, future sales forecasts and workforce planning are incorporated as major assumptions.

3) Effect on the non-consolidated financial statements for the following fiscal year

Assumptions used for accounting estimates bear uncertainties and may have a significant influence on non-consolidated financial statements for the following fiscal year depending on the market environment to which subsidiaries and associates belong and the situation of competitors.

Notes to the Non-Consolidated Balance Sheets

Monetary receivables and payables to subsidiaries and associates

Short-term monetary receivables	¥46,663 thousand
Long-term monetary receivables	¥6,742 thousand
Short-term monetary payables	¥51,492 thousand

Those recorded in a separate component are excluded.

Notes to the Non-Consolidated Statements of Income

Volume of transactions with affiliates

Volume of trading transactions	¥425,972 thousand
Volume of transactions other than trading transactions	¥2,082 thousand

Notes to the Non-Consolidated Statements of Changes in Net Assets

Number of outstanding shares as of December 31, 2024	108,249,150 shares of common stock

Notes to Tax Effect Accounting

Major components of deferred tax assets and deferred tax liabilities

Deferred tax assets

Tax loss carryforwards	¥2,889,743 thousand
Research and development expenses	¥427,165 thousand
Excess of depreciation	¥1,806,795 thousand
Unsettled obligations	¥33,250 thousand
Accrued enterprise tax	¥36,699 thousand
Allowance for doubtful accounts	¥107,435 thousand
Impairment losses	¥115,623 thousand
Provision for loss on contracts	¥4,922 thousand
Provision for loss on orders received	¥1,345 thousand
Share acquisition rights	¥134,094 thousand
Other	¥7,277 thousand
Total deferred tax assets	¥5,564,353 thousand
Valuation allowance for tax loss carryforward	¥(2,889,743) thousand
Valuation allowance for deductible temporary differences	¥(2,674,610) thousand
Total of valuation allowance	¥(5,564,353) thousand
Total deferred tax assets	¥– thousand
Net deferred tax assets	¥– thousand

Notes to Related Party Transactions

(1) Major corporate shareholders, etc.

(Thousands of yen)

Category	Company name, etc.	Holding (held) ratio of voting rights, etc.	Relationship with related parties	Content of transactions	Transaction amount	Title	Year-end balance
Major shareholder	Mitsubishi Electric Corporation	Held 11.5% directly	Supplier of satellite components, etc.	Purchase of satellite components, etc.	382,790	Accounts payable - other	–

Transaction terms and policy for determining transaction terms

(Note 1) The purchase of satellite components is determined after a price negotiation with reference to market prices.

(Note 2) The transaction amount does not include consumption tax, etc. The year-end balance includes consumption tax, etc.

(2) Subsidiaries, etc.

(Thousands of yen)

Category	Company name, etc.	Holding (held) ratio of voting rights, etc.	Relationship with related parties	Content of transactions	Transaction amount	Title	Year-end balance
Subsidiary	Synspective SG Pte. Ltd.	Holding 100% directly	Outsourcing of business, capital support, interlocking officers, payment of expenses on behalf of the party	Payment on behalf of the party	–	Other current assets	91
				Lending of funds	–	Long-term loans receivable from subsidiaries and associates	65,711
				Receipt of interest	2,082	Other investments and other assets	6,742
				Outsourcing of business	181,390	Accounts payable - other	51,492
Subsidiary	Synspective Japan, Inc.	Holding 100% directly	Outsourcing of business, interlocking officers, management guidance and secondment	Acceptance of management work	25,953	Accounts receivable - trade	7,137
				Acceptance of contribution for secondment	–	Accounts receivable - other	39,434
				Outsourcing of business	218,628	Accounts payable - other	–

Transaction terms and policy for determining transaction terms

(Note 1) For the lending of funds, the Company considers market interest rates and the borrower's financial conditions and determines the loan rate reasonably.

(Note 2) Prices and other transaction conditions are determined on the basis of contracts concluded with subsidiaries.

(Note 3) For secondment, the Company accepts amounts equivalent to personnel expenses for seconded personnel on the basis of a memorandum on secondment.

(Note 4) The transaction amount does not include consumption tax, etc. The year-end balance includes consumption tax, etc.

Notes to Revenue Recognition

Regarding basic information to understand revenue from contracts with customers, notes are omitted as the same information is provided in the Notes to Revenue Recognition in the Notes to the Consolidated Financial Statements.

Notes to Per Share Information

Net assets per share	¥179.74
Basic earnings per share	¥(42.47)

(Note) The Company conducted a 150-for-1 stock split of common stock, effective June 24, 2024. Assuming that this stock split was conducted at the beginning of the fiscal year under review, the Company determines net assets per share and basic earnings per share.

Notes to Significant Subsequent Events

Notes are omitted as the same information is provided in the Notes to Significant Subsequent Events in the Notes to the Consolidated Financial Statements.