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May 14, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: Synspective Inc.
Listing: Tokyo Stock Exchange
Securities code: 290A
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Total revenue		Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	1,156	–	1,138	–	(907)	–	(1,202)	–	(1,188)	–
March 31, 2024	–	–	–	–	–	–	–	–	–	–

Note: Comprehensive income For the three months ended March 31, 2025: ¥(1,188) million [– %]
For the three months ended March 31, 2024: ¥– million [– %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	(10.74)	–
March 31, 2024	–	–

Note 1: Total revenue is a non-GAAP indicator. It is a financial indicator we consider useful when investors evaluate our Group's business performance and is calculated by adding subsidy income to net sales.
Note 2: As the Company did not prepare quarterly consolidated financial statements for the three months ended March 31, 2024, figures for that period and year-on-year changes with the three months ended March 31, 2025 are not provided.
Note 3: No information is provided on diluted earnings per share for the three months ended March 31, 2025 because, although there is potential common stock, it is net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	29,236	20,291	67.3
December 31, 2024	28,195	19,872	68.9

Reference: Equity
As of March 31, 2025: ¥19,665 million
As of December 31, 2024: ¥19,434 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (Forecast)		0.00	—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Total revenue		Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,113	143.7	2,321	0.2	(4,524)	—	(1,473)	—	(1,482)	—	(12.99)

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on changes in accounting policies)" on page 9 of the attached materials.

(4) Number of issued shares (common shares)

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

As of March 31, 2025	111,444,750 shares
As of December 31, 2024	108,249,150 shares

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

As of March 31, 2025	– shares
As of December 31, 2024	– shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	110,645,850 shares
Three months ended March 31, 2024	– shares

Note: As the Company did not prepare quarterly consolidated financial statements for the three months ended March 31, 2024, average number of shares outstanding for the three months ended March 31, 2024 are not provided.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements, etc.)

Forward-looking statements in this document regarding the business outlook, etc. are based on information currently available to us and certain assumptions we consider reasonable and are not intended to promise that we will achieve them. Actual business results may differ significantly due to various factors. For assumptions underlying the earnings forecasts and notes regarding their use, please refer to "1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 of the attached materials.

(Method of obtaining supplementary material on financial results)

The supplementary material on financial results has been disclosed today via TDnet.

Table of Contents - Attachments

1. Overview of Operating Results, etc. 2
(1) Overview of Operating Results for the Quarterly Period under Review 2
(2) Overview of Financial Position for the Quarterly Period under Review 4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information 4
(4) Material Events Related to Going Concern Assumption 4
2. Quarterly Consolidated Financial Statements and Principal Notes 5
(1) Quarterly Consolidated Balance Sheet 5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 7
(3) Notes to Quarterly Consolidated Financial Statements 9
(Notes on going concern assumption) 9
(Notes in case of significant changes in shareholders' equity) 9
(Notes on changes in accounting policies) 9
(Notes to quarterly consolidated balance sheets) 9
(Notes to quarterly consolidated statement of cash flows) 10
(Segment information, etc.) 10
(Significant subsequent events) 10

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Quarterly Period under Review

Forward-looking statements contained herein are based on judgments made as of the end of the quarterly period under review. As the Company did not prepare quarterly consolidated financial statements for the first quarter of the previous fiscal year, no comparative analysis with that period has been performed.

During the quarterly period under review, the Japanese economy is expected to continue to recover gradually driven mainly by improving employment and income conditions and rising inbound demand, despite economic downside risks including ongoing escalating tensions in the Middle East and Europe as well as the uncertainty regarding the policy direction of the new U.S. administration. 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). Grant decisions under Phase 1, which started in fiscal 2024, have been made sequentially, and an outline for the subsequent Phase 2 was also been announced, indicating the government's efforts to provide sustained support to position the space industry as a growth sector in the Japanese economy.

Under these circumstances, aiming "to create a new infrastructure that enables the next generation to understand our Earth and achieve a resilient future," the Group operates a satellite constellation through the development, manufacturing, and launch of its proprietary SAR satellites, StriX, which continuously observe the Earth, along with their associated systems. In addition, we are working to develop new satellite data markets, aiming to continuously sell the data acquired from these satellites and expand our solution offerings, primarily targeting socially critical areas such as natural disasters, security, and environmental risks.

Status of key management indicators

The Group has defined the following as key management indicators:

- Total revenue (net sales and subsidy income), order backlog

Total revenue amounted to ¥1,156,390 thousand. This was mainly due to the completion of delivery of 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 the space demonstration of small SAR satellites suitable for security purposes promoted by the Ministry of Defense, as well as the recording of subsidy income from Small/Startup Business Innovation Research promoted by the Ministry of Economy, Trade and Industry ("METI SBIR"). In terms of the solutions business, the provision of existing services as well as joint solution development projects with clients, continue to progress smoothly.

Order backlog amounted to ¥21,852,678 thousand. This was primarily due to METI SBIR (approved subsidy amount: ¥4,100,000 thousand), which has continued from the previous fiscal year, and the grant approval and successful bid during the first quarter under review for the Space Strategy Fund's "accelerating commercial satellite constellation deployment" initiative (approved subsidy amount for the initial subsidy period: ¥16,464,008 thousand), as well as the "Fiscal 2025 Demonstration for Expanding the Use of Small SAR Satellite Constellations" under the Cabinet Office's Space Development Strategy Promotion Office (contract amount: ¥1,067,166 thousand). In this metric, the order backlog is calculated including subsidy income.

- Number of satellites in operation

Since our founding, we have launched six StriX satellites as part of our initiative to operate more than 30 satellites from 2028 onward. However, the first two demonstration satellites have already completed their commercial operations. As of the end of the first quarter under review, we are operating four satellites in orbit.

Regarding satellite operations and launches, we successfully acquired the first image from our sixth small SAR satellite on January 16, 2025, following its launch on December 21, 2024. Additionally, we entered into a rideshare launch contract for two satellites with SpaceX (headquartered in California, USA, CEO: Elon Musk) and we have currently secured contracts for the future launch of 13 satellites.

Status of cost of sales and selling, general and administrative expenses

Cost of sales amounted to ¥1,072,635 thousand. This was mainly due to increased depreciation and amortization for satellites No. 4 through 6, as well as direct costs related to the Cabinet Office's demonstration project and space demonstrations of SAR satellites.

Selling, general and administrative expenses totaled ¥973,117 thousand. This was primarily driven by increased share-based compensation expenses, higher personnel costs resulting from increased headcount, and higher outsourcing expenses due to the expansion of our sales structure.

Financial condition

On the financial side, we raised ¥1,418,846 thousand through a third-party allotment of shares (related to over-allotment), with a payment date of January 17, 2025, in connection with the issuance of shares through public offering accompanying the listing of our common shares on the Tokyo Stock Exchange Growth Market. In addition, we newly established a syndicated loan (committed-term loan) of ¥8,100,000 thousand, arranged by Mizuho Bank and co-arranged by Shizuoka Bank.

Other

In March 2025, we established a subsidiary in the United States as our business hub for North America and Latin America, the world's largest space-related market. With this new subsidiary, in addition to our existing operations in Japan and Asia, we will further accelerate the Group's growth by swiftly developing business tailored to local needs in the North American and Latin American regions.

As a result, net sales for the three months ended March 31, 2025 was ¥1,138,636 thousand, operating loss was ¥907,116 thousand, ordinary loss was ¥1,202,983 thousand, and net loss attributable to owners of parent was ¥1,188,823 thousand.

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

(2) Overview of Financial Position for the Quarterly Period under Review

(Assets)

The total assets as of the end of the first quarter under review amounted to ¥29,236,478 thousand, increasing by ¥1,041,142 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥1,219,028 thousand in accounts receivable – trade and contract assets.

(Liabilities)

The total liabilities amounted to ¥8,945,255 thousand, increasing by ¥622,859 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥180,000 thousand in short-term borrowings mainly owing to new borrowings, an increase of ¥165,000 thousand in current portion of long-term borrowings, and an increase of ¥335,000 thousand in long-term borrowings.

(Net assets)

The total net assets as of the end of the first quarter under review amounted to ¥20,291,223 thousand, increasing by ¥418,282 thousand from the end of the previous fiscal year. This was primarily due to a decline in retained earnings as a result of the recording of net loss attributable to owners of parent of ¥1,188,823 thousand, despite an increase of ¥709,423 thousand in common stock and capital surplus, respectively, due to the issuance of new shares through a third-party allotment in response to an over-allotment at the time of listing.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change to the full-year consolidated financial results forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended December 31, 2024," released on February 14, 2025.

Financial results forecasts are based on information currently available to us and certain assumptions we consider reasonable and are not intended to promise that we will achieve them. Actual business results may differ significantly due to various factors.

(4) Material Events Related to Going Concern Assumption

The Group posted operating losses for seven consecutive fiscal years until the previous fiscal year, and we think 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 major prior investment, and it takes time to recover the investment.

To eliminate these events and conditions, we plan to promote the review of strategies and the expansion of our main satellite data business, and increase net sales by expanding market share, while also securing stable profitability and striving to improve our corporate value.

At the end of the first quarter under review, we had cash and deposits of ¥13,299,859 thousand, and as a result of considering our cash-flow situation over the next 12 months from the end of the first quarter under review, we believe that there is no significant concern about the cash-flow situation as we have operating funds for the time being.

Consequently, we determine that there are no significant uncertainties over going concern assumption.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	14,239,861	13,299,859
Accounts receivable-trade and contract assets	1,378,874	2,597,902
Work in process	113,036	7,691
Supplies	313	9,853
Other	521,142	503,064
Total current assets	16,253,228	16,418,372
Non-current assets		
Property and equipment		
Observation satellites, net	5,280,542	4,679,096
Construction in progress	5,708,124	7,044,059
Other, net	743,384	758,258
Total property and equipment	11,732,051	12,481,414
Intangible assets	35,436	162,512
Investments and other assets		
Long-term accounts receivable-other	350,866	350,866
Other	174,620	174,179
Allowance for doubtful accounts	(350,866)	(350,866)
Total investments and other assets	174,620	174,179
Total non-current assets	11,942,108	12,818,106
Total assets	28,195,336	29,236,478

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Short-term borrowings	* 1,000,000	* 1,180,000
Current portion of long-term borrowings	* 195,000	* 360,000
Income taxes payable	126,115	33,629
Contract liabilities	16,456	9,027
Provision for loss on contracts	16,076	—
Other	875,747	934,598
Total current liabilities	2,229,395	2,517,255
Long-term liabilities		
Long-term borrowings	* 6,093,000	* 6,428,000
Total long-term liabilities	6,093,000	6,428,000
Total liabilities	8,322,395	8,945,255
Net assets		
Shareholders' equity		
Common stock	7,679,652	8,389,075
Capital surplus	15,343,219	16,052,642
Retained earnings	(3,582,273)	(4,771,096)
Total shareholders' equity	19,440,598	19,670,621
Accumulated other comprehensive income (loss)		
Foreign currency translation adjustment	(5,838)	(5,610)
Total accumulated other comprehensive income (loss)	(5,838)	(5,610)
Stock acquisition rights	438,180	626,213
Total net assets	19,872,941	20,291,223
Total liabilities and net assets	28,195,336	29,236,478

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended March 31

(Thousands of yen)

	For the three months ended March 31, 2025
Net sales	1,138,636
Cost of sales	1,072,635
Gross profit	66,000
Selling, general and administrative expenses	973,117
Operating loss	(907,116)
Non-operating income	
Interest income	4,835
Subsidy income	17,754
Other	2,030
Total non-operating income	24,620
Non-operating expenses	
Interest expenses	98,070
Commission expenses	204,491
Other	17,924
Total non-operating expenses	320,487
Ordinary loss	(1,202,983)
Extraordinary income	
Gain on reversal of provision for loss on contracts	16,076
Other	0
Total extraordinary income	16,076
Extraordinary losses	
Loss on retirement of non-current assets	301
Total extraordinary losses	301
Loss before income taxes	(1,187,208)
Income taxes - current	1,615
Total income taxes	1,615
Net loss	(1,188,823)
Net loss attributable to owners of parent	(1,188,823)

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended March 31

(Thousands of yen)

	For the three months ended March 31, 2025
Net loss	(1,188,823)
Other comprehensive income (loss)	
Foreign currency translation adjustment	227
Total other comprehensive income (loss)	227
Comprehensive income (loss)	(1,188,596)
Comprehensive income (loss) attributable to	
Comprehensive income (loss) attributable to owners of parent	(1,188,596)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

We listed our stock on the Tokyo Stock Exchange Growth Market on December 19, 2024. In connection with this listing, we issued 3,195,600 new shares through public offering (by way of over-allotment), with a payment date of January 17, 2025, which resulted in an increase of ¥709,423 thousand each in common stock and capital surplus. As a result, as of the end of the first quarter under review, common stock stood at ¥8,389,075 thousand and capital surplus amounted to ¥16,052,642 thousand.

(Notes on changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes")

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") has been applied from the beginning of the first quarter under review.

The revisions related to the categories for recording income taxes (taxation on other comprehensive income) follow the transitional treatments prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). These changes have no impact on the quarterly consolidated financial statements.

In addition, from the beginning of the first quarter under review, the 2022 Revised Guidance have been applied to the amendments related to the revision of accounting treatment in consolidated financial statements of cases where tax deferral is applied to gains or losses arising from the sale of subsidiary shares, etc. between consolidated companies. This change has been applied retrospectively, and the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been adjusted accordingly. This change has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes to quarterly consolidated balance sheet)

*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. The unused balance under these contracts were as follows:

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Total amount of overdraft limit and loan commitment	2,000,000	2,500,000
Total amount of term loans	6,300,000	14,400,000
Outstanding borrowings	7,288,000	7,968,000
Unused balance	1,012,000	8,932,000

The amount of overdraft contracts, loan commitment 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.

(Notes to quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the three months ended March 31, 2025 have not been prepared. Depreciation (including amortization for intangible assets) for the three months ended March 31, 2025 were as follows:

(Thousands of yen)

	For the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Depreciation	648,713

(Segment information, etc.)

Descriptions are omitted because the Group operates only one segment, or the satellite data business.

(Significant subsequent events)

Not applicable.