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Company name: Axelspace Holdings Corporation
Representative: Yuya Nakamura, President and CEO
(Securities code: 402A, Tokyo Stock Exchange Growth Market)
Inquiries: Daigo Orihara, Director
(Tel.: +81-3-6705-8708)

Notice Regarding a Malfunction of “GRUS-3,” Microsatellites for the AxelGlobe Business

Axelspace Holdings Corporation (the “Company”) hereby announced that a malfunction has occurred in the communications subsystem of four of the seven “GRUS-3” microsatellites launched on July 7, 2026 (JST) by Axelspace Corporation, a consolidated subsidiary of the Company, and that is expected to affect its future service operations.

1. Reasons and Background

Following the launch of “GRUS-3,” Axelspace Corporation successfully completed critical operations to verify on-orbit health; it had been undergoing initial operations to assess the status of each onboard subsystem in preparation for commercial operations.

During the initial operation phase, communication anomalies were identified in the high-speed communication component, which forms part of the communications subsystem used to downlink observation data from the satellites, on four (GRUS-3B, 3E, 3F and 3G) of the seven “GRUS-3” microsatellites. It continued to carry out verification and recovery work aimed at restoring normal functionality. However, following a report to its Compliance and Risk Management Committee on September 28, 2026, concluding that recovery of the high-speed communication is not feasible and that commencing commercial operations with four of the seven satellites would be difficult, the Company disclosed these findings to the public.

It attributes this issue to a malfunction in the power-amplifier circuit within the communication system and has been conducting a detailed root-cause investigation.

As of now, the three (GRUS-3A, 3C and 3D) “GRUS-3” microsatellites have not shown similar issues, and their initial operations are proceeding. Nonetheless, quality-assurance verifications and related confirmations are being carried out carefully in preparation for commercial operations.

In response to these issues, Axelspace Corporation has been reviewing its development processes and exploring measures to enhance the quality and reliability of satellites planned for future launches.

2. Future Outlook

The impact of this matter on the consolidated earnings forecast for the fiscal year ending May 31, 2027, is currently under review. In connection with this matter, the Company may record an impairment loss on all or part of our fixed assets as an extraordinary loss. It will promptly make an announcement once our examination is complete.