

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-43009

**STARFIGHTERS SPACE, INC.**

*(Exact name of registrant as specified in its charter)*

Delaware

(State or other jurisdiction of organization)

92-1012803

(I.R.S. employer identification no.)

505 Odyssey Way, Suite 101

Kennedy Space Center, Florida, USA

(Address of principal executive offices)

32953

(Zip code)

(321) 261-0900

(Registrant's telephone number, including area code)

505 Odyssey Way, Suite 203

Kennedy Space Center, Florida, USA 32952

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	FJET	NYSE American LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the preceding 12 months (or for such shorter period than the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 44,173,972 shares of common stock outstanding as of May 19, 2026.

**Starfighters Space, Inc.**  
**Quarterly Report on Form 10-Q**  
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## STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

We make statements in this Quarterly Report on Form 10-Q that are forward-looking statements within the meaning of the federal securities laws. The words "believe," "estimate," "expect," "anticipate," "intend," "plan," "seek," "may," and similar expressions or statements regarding future periods are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any predictions of future results, performance or achievements that we express or imply in this Quarterly Report or in the information incorporated by reference into this Quarterly Report.

The forward-looking statements included in this Quarterly Report on Form 10-Q are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, taking into account the information currently available to us, we cannot guarantee future transactions, results, performance, achievements or outcomes, and our actual results and performance could differ materially from those set forth in any forward-looking statements. The cautionary statements set forth in this Quarterly Report on Form 10-Q identify important factors which you should consider in evaluating our forward-looking statements. These factors include, without limitation:

- The Company operates in an evolving industry, making it difficult for the Company to forecast revenue, plan expenses, and evaluate its business and future prospects;
- The Company has a history of losses and may not be able to achieve profitability;
- The Company's ability to raise capital and the availability of future financing;
- The Company's business involves significant risks and uncertainties that may not be covered by insurance;
- The Company's business with governmental entities is subject to the policies, regulations, mandates, and funding levels of such entities and may be negatively impacted by any change thereto;
- The Company may not be successful in developing new technology, and technology the Company does develop may not meet the needs of its customers;
- The Company operates in competitive industries in various jurisdictions across the world;
- The Company is highly dependent upon the services of Tim Franta, the Company's newly-appointed Chief Executive Officer, and if the Company is unable to retain Mr. Franta, the Company's ability to compete could be harmed;
- Historically, the Company has been highly dependent on the services of Rick Svetkoff, the Company's former President and Chief Executive Officer, and it remains unclear whether his resignation on February 19, 2026, will adversely affect the Company's ability to compete in the long term;
- The Company depends on several specialized suppliers for the majority of specialized supply needs. Disruptions in the supply of key raw materials or component and difficulties in the supplier qualification process, as well as increases in prices of raw materials, could adversely impact the Company; and
- The other factors discussed under the heading "*Risk Factors*" in Part I, Item 1A in our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission ("SEC") on April 15, 2026 (the "**2025 Annual Report**"), and in this Quarterly Report and other filings we make with the SEC.

You are cautioned not to place undue reliance on any forward-looking statements included in this Quarterly Report. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q, and the risk that actual results will differ materially from the expectations expressed in this Quarterly Report will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this Quarterly Report, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this Quarterly Report, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Quarterly Report will be achieved.

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**STARFIGHTERS SPACE, INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

(Unaudited - Stated in United States dollars)

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STARFIGHTERS SPACE, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2026 (unaudited)	December 31, 2025
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,402,025	\$ 4,581,128
Restricted cash	736,014	50,592
Short-term investments	13,213,526	15,274,175
Short-term investments - restricted	713,279	-
Due from related party	6,833	6,833
Due from shareholder	1,526,126	-
Prepaid expenses	607,289	230,688
<b>Total current assets</b>	<b>18,205,092</b>	<b>20,143,416</b>
Right of use assets - operating lease, net	462,816	477,577
Property, plant, and equipment, net of accumulated depreciation of \$126,506 and \$84,464, respectively	2,303,786	2,396,977
Long-term deposits	5,368,914	5,368,914
<b>Total assets</b>	<b>\$ 26,340,608</b>	<b>\$ 28,386,884</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,030,846	\$ 966,088
Deferred income	134,002	149,000
Lease liability	58,943	55,898
Grant payable	743,967	354,967
Related party notes payable	1,526,126	1,526,126
<b>Total current liabilities</b>	<b>3,493,884</b>	<b>3,052,079</b>
Lease liability - non-current	418,529	434,253
<b>Total liabilities</b>	<b>\$ 3,912,413</b>	<b>\$ 3,486,332</b>
Commitments and contingencies - see Note 11		
<b>Stockholders' Equity</b>		
Common stock, \$0.00001 par value, 200,000,000 shares authorized; 44,173,972 issued and outstanding as of March 31, 2026 (43,891,846 as of December 31, 2025)	441	438
Additional paid-in-capital	60,127,316	58,330,545
Accumulated deficit	(37,699,562)	(33,430,431)
Total stockholders' equity	22,428,195	24,900,552
<b>Total liabilities and stockholders' equity</b>	<b>\$ 26,340,608</b>	<b>\$ 28,386,884</b>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

STARFIGHTERS SPACE, INC.  
 UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS

	Three months ended March 31,	
	2026	2025 (as revised)
<b>Operating expenses</b>		
Advertising and promotion	\$ 508,462	\$ 81,173
Bank and interest charges	2,456	4,027
Business development	144,015	180,000
Consulting fees	1,124,862	390,350
Contract labor and fuel	331,116	185,775
Depreciation	88,588	5,080
Directors' fees	44,000	42,000
Franchise tax	10,069	-
Insurance	205,754	21,157
Licenses	-	450
Listing fees	233,149	3,049
Management fees	(347,410)	75,000
Office and administrative	47,320	78,125
Professional fees	1,331,822	192,414
Rent expense	130,753	102,751
Repairs and maintenance	2,379	5,994
Research and development	83,263	255,479
Travel and entertainment	113,140	255,454
Vehicle	114	1,275
<b>Total operating expenses</b>	<b>(4,053,852)</b>	<b>(1,879,553)</b>
<b>Other income (expense)</b>		
Amortization of debt discount	-	(117,067)
Change in fair value of derivative liability	-	(704,662)
Grant income	24,000	40,000
Other income	15,000	87,900
Interest expense	-	(118,410)
Interest income	150,788	42,775
Loss on disposal of property, plant, and equipment	(4,603)	-
Loss from misappropriation of assets	(395,033)	-
Exchange loss	(5,431)	(4,090)
<b>Total other income (expense)</b>	<b>(215,279)</b>	<b>(773,554)</b>
<b>Net loss</b>	<b>\$ (4,269,131)</b>	<b>\$ (2,653,107)</b>
Weighted average number of shares - Basic and diluted	43,992,302	19,669,032
Net loss per share - Basic and diluted	\$ (0.10)	\$ (0.13)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

## STARFIGHTERS SPACE, INC.

## UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Common Stock Subscribed	Additional Paid-In- Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Number of Shares	Amount				
Balance, January 1, 2025	19,176,910	192	1,870,643	9,125,524	(16,886,815)	(5,890,456)
Issuance of former stock subscriptions	521,070	5	(1,870,643)	1,870,638	-	-
Reg A financing subscriptions received	-	-	4,101,909	-	-	4,101,909
Reg A financing share issuance costs	-	-	-	(106,516)	-	(106,516)
Net loss	-	-	-	-	(2,653,107)	(2,653,107)
<b>Balance, March 31, 2025</b>	<b>19,697,980</b>	<b>\$ 197</b>	<b>\$ 4,101,909</b>	<b>\$ 10,889,646</b>	<b>\$ (19,539,922)</b>	<b>\$ (4,548,170)</b>
Balance January 1, 2026	43,891,846	\$ 438	\$ -	\$ 58,330,545	\$ (33,430,431)	\$ 24,900,552
Cashless exercise of warrants	53,626	1	-	(1)	-	-
RSUs vesting	228,500	2	-	(2)	-	-
Stock-based compensation	-	-	-	1,796,774	-	1,796,774
Net loss	-	-	-	-	(4,269,131)	(4,269,131)
<b>Balance, March 31, 2026</b>	<b>44,173,972</b>	<b>\$ 441</b>	<b>\$ -</b>	<b>\$ 60,127,316</b>	<b>\$ (37,699,562)</b>	<b>\$ 22,428,195</b>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

STARFIGHTERS SPACE, INC.  
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
	2026	2025 (as revised)
<b>Cash flows from operating activities</b>		
Net loss	\$ (4,269,131)	\$ (2,653,107)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	88,588	5,080
Amortization of ROU asset	14,761	21,188
Unrealized gain on investments	(14,867)	(11,422)
Realized gain on investments	(107,624)	-
Amortization of debt discount	-	117,067
Change in fair value of derivative liability	-	704,662
Stock-based compensation	1,796,774	-
Loss on disposal of property, plant, and equipment	4,603	-
Changes in operating assets and liabilities:		
Accrued interest	-	114,820
Accounts payable and accrued liabilities	64,758	(10,388)
Due from shareholder	(1,526,126)	-
Deferred income	(14,998)	93,740
Grant payable	389,000	(40,000)
Prepaid expenses	(376,601)	9,789
Lease liability	(12,679)	(21,161)
<b>Net cash used in operating activities</b>	<b>(3,963,542)</b>	<b>(1,669,732)</b>
<b>Cash flows from investing activities</b>		
Additions to long-term deposits	-	(5,000,000)
Purchase of short-term investments	(8,586,239)	(295,422)
Redemption of short-term investments	10,056,100	-
<b>Net cash provided by (used in) investing activities</b>	<b>1,469,861</b>	<b>(5,295,422)</b>
<b>Cash flows from financing activities</b>		
Proceeds from private placements	-	4,101,909
Cash paid for financing costs	-	(232,078)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>3,869,831</b>
Decrease in cash and restricted cash	(2,493,681)	(3,095,323)
Cash and restricted cash, beginning of period	4,631,720	7,100,699
<b>Cash and restricted cash, end of period</b>	<b>\$ 2,138,039</b>	<b>\$ 4,005,376</b>
Cash	\$ 1,402,025	\$ 3,955,164
Restricted cash	736,014	50,212
<b>Total cash and restricted cash, end of period</b>	<b>\$ 2,138,039</b>	<b>\$ 4,005,376</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ 3,589
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Shares issued for common stock subscribed	\$ -	\$ 1,870,643
Deferred financing costs recognized as share issuance costs	\$ -	\$ 105,703

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

## 1. NATURE OF OPERATIONS

Starfighters Space Inc. ("SFS" or the "Company") was incorporated on September 6, 2022, under the laws of the State of Delaware. On December 18, 2025, the Company successfully closed its initial public offering and the Company's common shares are now traded on the NYSE American LLC (the "NYSE American") under the trading symbol "FJET". The Company's registered office is held at 850 New Burton Road, Suite 201, Dover, DE 19904.

The Company's principal operating facility is located in Cape Canaveral, Florida. The Company operates from the NASA Kennedy Space Center in Florida, with an additional base of operations at Midland International Air & Space Port in Texas, and has a fleet of seven F-104 Fighter jets that are capable of flying MACH 2+. The Company is currently in the process of gaining a launch waiver and license for its first space launch to launch rockets carrying payloads for data testing from their jets into suborbital space. Upon successful suborbital space flight, the Company intends to develop infrastructure for orbital space launch. The Company has not yet commenced its principal operations as of March 31, 2026.

### *Risks and Uncertainties*

Disruption of global financial markets and a recession or market correction, including the ongoing military conflicts between Russia and Ukraine and the related sanctions imposed against Russia as well as the escalating geopolitical tensions in the Middle East, the significant tariffs imposed by the United States on imports from other countries and other global macroeconomic factors such as inflation and rising interest rates, could reduce the Company's ability to access capital, which could in the future negatively affect the Company's liquidity and could materially affect the Company's business and the value of its common stock.

## 2. BASIS OF PRESENTATION

### a) Basis of presentation

The accompanying unaudited condensed consolidated interim financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements and notes thereto as of and for the years ended December 31, 2025 and 2024 which report is dated April 15, 2026. The interim results for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any future periods.

As of March 31, 2026, the Company's subsidiaries were:

Name of subsidiary	Place of incorporation	Incorporated	Ownership
Starfighters International, Inc. (Florida)	Florida, the United States	December 3, 2018	100%
Starfighters, Inc.	Florida, the United States	November 16, 1995	100%
Starfighters International, Inc. (Texas)	Texas, the United States	March 29, 2024	100%

**2. BASIS OF PRESENTATION (CONTINUED)**

**b) Going concern**

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. During the three months ended March 31, 2026, the Company recorded a net loss of \$4,269,131 (March 31, 2025 - \$2,653,107) and has a deficit of \$37,699,562 (December 31, 2025 - \$33,430,431).

These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the unaudited condensed consolidated interim financial statements being issued. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. These unaudited condensed consolidated interim financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

As of March 31, 2026, the Company had cash in the amount of \$1,402,025 (December 31, 2025 - \$4,581,128). The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in the case of equity financing.

**c) Functional and presentation currencies**

These unaudited condensed consolidated interim financial statements of the Company are presented in United States dollars. The functional currency of the Company and its subsidiaries is the United States dollar.

**d) Emerging growth company**

The Company is an "Emerging Growth Company", as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it has taken advantage of certain exemptions that are not applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial reporting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable.

The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public and private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

**e) Use of estimates and judgments**

The preparation of these unaudited condensed consolidated interim financial statements in conformity with U.S. GAAP requires the Company's management to make judgments, estimates and assumptions about future events that impact the amounts reported in the unaudited condensed consolidated interim financial statements. Actual results may differ from these estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024.

#### a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months. There are no cash equivalents as of March 31, 2026 or December 31, 2025. At times, the Company's cash balance exceeds the federally insured limits. The total uninsured cash and cash equivalents balance as of March 31, 2026 was \$1,137,465 (December 31, 2025 - \$3,813,329).

#### b) Restricted cash

Restricted cash include: (i) deposits held with banks that are held as collateral for the corporate credit cards of the Company, with balances of \$50,717 and \$50,592 as of March 31, 2026 and December 31, 2025, respectively; and (ii) balances of \$685,297 held with banks that are frozen or otherwise restricted due to ongoing disputes with the former CEO of the Company, as further discussed in Note 11.

#### c) Short-term investments

The Company's short-term investments are treasury notes and certificates of deposit with original maturities greater than 3 months and less than one year.

The treasury notes held by the Company as of March 31, 2026 have a balance of \$13,213,526 and mature in 2026, with interest rates ranging from 3.705% to 3.752%. The treasury notes held by the Company as of December 31, 2025 had a balance of \$15,274,175 and mature in 2026 with interest rates ranging from 3.429% to 3.666%.

The certificates of deposit held by the Company as of March 31, 2026 have a balance of \$713,279 and matures in 2026, with interest rate of 3.92%. The Company did not hold certificates of deposits as of December 31, 2025. The certificates of deposits are presented as restricted short-term investments on the unaudited condensed consolidated balance sheet as of March 31, 2026 as such accounts are frozen or otherwise restricted due to ongoing disputes with the former CEO of the Company, as further discussed in Note 11.

The short-term investments are level 1 investments in the fair value hierarchy. These securities are presented on the condensed consolidated interim balance sheets at fair value. Earnings from these securities are included in interest income on the unaudited condensed consolidated interim statements of operations. For the three months ended March 31, 2026, the Company recorded a gain on short-term investments of \$122,491 (three months ended March 31, 2025 - \$11,422) which is included within interest income on the unaudited condensed consolidated interim statements of operations. The total uninsured short-term investments balance as of March 31, 2026 was \$13,677,344 (December 31, 2025 - \$15,274,175).

#### d) Due from Shareholder

The Company recognizes due from shareholder in relation to amounts that were transferred or withdrawn by the former CEO, who is also a significant shareholder, without approval from the Company's board of directors or audit committee. The amounts are recognized to the extent that the Company believes they are recoverable, as an offset against related party notes payable owed to the former CEO, his immediate family members, or entities controlled by them. Any excess amounts are recognized as a loss to misappropriation of assets in the unaudited condensed consolidated interim statements of operations.

As at March 31, 2026, the Company recognized \$1,526,126 as due from shareholder in the unaudited condensed consolidated interim balance sheets, representing the maximum amount recoverable through the offset of related party notes payable. For the three months ended March 31, 2026, the Company recognized a loss to misappropriation of assets of \$395,033 in the unaudited condensed consolidated interim statements of operations.

#### e) Receivables and Allowance for Credit Losses

Receivables are carried at original invoice amount, less any estimate made for credit losses. The allowance for credit losses is the Company's best estimate of the amount of expected credit losses in the Company's existing receivables over the contractual term. We evaluate our exposure to credit loss on both a collective and individual basis. We evaluate such receivables on an individual customer basis and take into account any relevant available information, which begins with historical credit loss experience and consideration of current and expected conditions and market trends (such as general economic conditions, other microeconomic and macroeconomic considerations, etc.) and reasonable and supportable forecasts that could impact the collectability of such receivables over the contractual term individually or in the aggregate. Changes in circumstances relating to these factors may result in the need to increase or decrease our allowance for credit losses in the future. The allowance for credit losses was \$0 and \$0 as of March 31, 2026 and December 31, 2025, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**f) Financial instruments measurements and fair value of financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are accounted for in accordance with ASC 320, ASC 825 and ASC 815, as applicable. The Company's short-term investments are classified as trading securities and are measured at fair value, with unrealized gains and losses recognized in earnings.

Financial instruments, including cash, restricted cash, due from related party, accounts payable and accrued liabilities, and related party notes payable, are carried at their carrying values, which approximate fair value due to the short-term nature of these instruments.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred all risks and rewards of ownership.

Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled, or expire.

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tier fair value hierarchy that distinguishes between the following, based on the nature of the valuation inputs:

- Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability.

Determination of fair value and the resulting hierarchy requires the use of observable market data where available. The classification of an asset or liability in the hierarchy is based on the lowest level of input that is significant to the fair value measurement.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. The Company determined that the derivative liability relating to the embedded conversion feature in the convertible notes is a Level 3 liability. See Note 6 for the significant inputs used and for a roll-forward of the Level 3 liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **Derivative Liabilities**

The Company evaluates its financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815, *Derivatives and Hedging*. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market at each balance sheet date and recorded as a liability and the change in fair value is recorded in the unaudited condensed consolidated interim statements of operations. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the condensed consolidated balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the condensed consolidated balance sheet date.

The Company uses the Monte Carlo simulation model to value derivative liabilities. This model uses Level 3 inputs in the fair value hierarchy established by ASC 820, *Fair Value Measurement*. The significant inputs and assumptions to the Monte Carlo simulation model are disclosed in Note 6.

h) **Advertising and Promotion Costs**

Advertising and promotion costs are expensed as incurred. Advertising expense for the three months ended March 31, 2026, was \$508,462 (three months ended March 31, 2025 - \$81,173).

i) **Loss per share**

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive options and potential units are ignored in calculating diluted EPS. All options and potential units are considered anti-dilutive when the Company is in a loss position.

The Company has the following anti-dilutive securities as of March 31, 2026 and 2025:

	March 31, 2026	March 31, 2025
Warrants	6,291,420	18,191,223
Options	1,025,000	-
Restricted Share Units	1,942,250	-
	<u>9,258,670</u>	<u>18,191,223</u>

As of March 31, 2025, due to the terms of the conversion option for the Note Payable (Note 5) and Convertible Debentures (Note 6), the Company could not predict the anti-dilutive shares for these instruments, and as such, they were excluded from the above table.

STARFIGHTERS SPACE, INC.  
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**j) Other income**

The Company earns ancillary income from contracts with customers for pilot training and equipment testing. The income is recognized at a point in time which is upon the completion of the services, which the Company has determined is the completion of a flight. There is no variable consideration for these ancillary services.

From time to time, the Company receives consideration in advance of the services being rendered; this is presented as deferred income on the unaudited condensed consolidated interim balance sheet. The Company also extends credit for payments to be received for services provided; this is presented as receivables on the condensed consolidated interim balance sheet.

The following table summarizes the deferred income activity for the three months ended March 31, 2026 and year ended December 31, 2025:

Balance as of January 1, 2025	\$	344,800
Recognition of income recorded as deferred income as of December 31, 2025		(245,800)
Deferral of income billed during the year		50,000
Balance as of December 31, 2025	\$	149,000
Recognition of income recorded as deferred income as of March 31, 2026		(50,000)
Deferral of income billed during the year		35,002
Balance as of March 31, 2026	\$	134,002

**k) Grant income**

The Company receives certain cost reimbursements from an economic development corporation in Texas (Note 11). The income is recognized at a point in time when the Company completes its obligations for entitling to such reimbursements, and included in grant income on the unaudited condensed consolidated interim statements of operations.

Amounts received by the Company that the Company is not yet entitled to, and subject to refunds, are recognized as a payable, until the Company's completion of its obligations to earn the reimbursements.

**l) Research and Development**

Research and development costs are expensed as incurred, in accordance with ASC 730, *Research and Development*. During the three months ended March 31, 2026, all of these costs are with a single vendor who performed contracted research and testing and consumed materials in research and development activities. The Company may also incur personnel-related costs, including salaries, benefits, and stock-based compensation, where applicable. Nonrefundable advance payments for research and development activities are capitalized and expensed as the related services are performed. Research and development expense for the three months ended March 31, 2026 and 2025, were \$83,263 and \$255,479, respectively.

**4. PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consist of the following:

	March 31, 2026	December 31, 2025
Vehicle	\$ -	\$ 51,149
Aircraft improvements	79,529	79,529
Engines	2,200,000	2,200,000
Display aircraft	150,763	150,763
	<u>2,430,292</u>	<u>2,481,441</u>
Accumulated depreciation	(126,506)	(84,464)
Net book value	<u>\$ 2,303,786</u>	<u>\$ 2,396,977</u>

Depreciation expense for the three months ended March 31, 2026 and 2025, was \$88,588 and \$5,080, respectively.

During the three months ended March 31, 2026, the Company disposed of a vehicle and recognized a loss on the disposal of \$4,603. No disposal occurred during the three months ended March 31, 2025.

**5. NOTE PAYABLE**

On February 16, 2012, the Company secured a loan with Space Florida in the amount of \$1,436,001, maturing September 16, 2022. The loan bears interest at 1.00% per annum, no payments are due on the loan for 12 months from the date of first disbursement of the loan and interest-only payments are applicable over the next 114 months. The loan is secured by a DASH-7 aircraft engine with a book value of \$0.

On September 16, 2022, the Company and Space Florida amended the agreement to extend the maturity date to November 1, 2033 and to increase the interest rate to 3.00% per annum and 8.00% per annum in the event of default. Additionally, starting December 1, 2023 the Company is to make monthly installments of \$13,866.

On November 1, 2024, the Company and Space Florida entered into an amendment to the loan to confirm that the rate of interest is 3%. The parties also agreed that the previous monthly payment schedule is no longer in force, and the final settlement of the note would be through the conversion to shares of the Company upon a public listing event, at the public offering price.

On December 18, 2025, the Company issued 404,312 shares at a price of \$3.59 to convert the then outstanding principal balance of \$1,436,001 and interest payable of \$15,480. The note was fully repaid upon conversion.

Interest expense was \$0 for the three months ended March 31, 2026 (March 31, 2025 - \$10,613).

**6. CONVERTIBLE DEBENTURES**

The convertible debentures bear interest at 5.00% per annum, had an original maturity date of February 24, 2025, and automatically convert upon the event of an initial public offering ("IPO") at the lesser of a 40% discount of the price of the IPO and \$4.00 per share. Convertible debentures entered into subsequent to the Tranche 1, which closed on February 24, 2023, receive interest from the initial issuance date of February 24, 2023 from Tranche 1.

**6. CONVERTIBLE DEBENTURES (CONTINUED)**

During the year ended December 31, 2023, the Company closed the secured convertible debenture financing as follows:

- Tranche 1, on February 24, 2023 for gross proceeds of \$4,413,400;
- Tranche 2, on July 14, 2023 for gross proceeds of \$804,100;
- Tranche 3, on September 15, 2023 for gross proceeds of \$448,000; and
- Tranche 4, on December 28, 2023 for gross proceeds of \$680,500.

The convertible debentures were determined to be hybrid financial instruments comprised of a debt host liability and an embedded derivative liability, as under the conversion feature the number of shares that will or may be issued to settle the notes may vary. Upon issuance, the fair value of the debt host liability was determined to be \$6,346,000 and the respective embedded derivative liability was valued at \$2,352,602 for tranches 1 through 4. The derivative liability conversion feature was valued first and the residual was allocated to the debt host liability. The Company uses the Monte Carlo model to determine the fair value of the embedded derivative liability based on a common stock simulation model and future projections of various potential outcomes. The Company incurred \$86,506 in transaction costs for tranches 1 through 4.

The fair value of the initial derivative and the transaction costs incurred were recorded as debt discount and are amortized over the life of the convertible notes using the effective interest method.

During the year ended December 31, 2024, the Company closed the secured convertible debenture financing as follows:

- Tranche 5, on May 14, 2024 and August 15, 2024 for gross proceeds of \$743,400.

The convertible debentures were determined to be hybrid financial instruments comprised of a debt host liability and an embedded derivative liability, as under the conversion feature, the number of shares that will or may be issued to settle the debentures may vary. Upon issuance, the fair value of the debt host liability was determined to be \$743,400 and the respective embedded derivative liability was valued at \$475,909. The derivative liability conversion feature was valued first and the residual was allocated to the debt host liability. The Company uses the Monte Carlo model to determine the fair value of the embedded derivative liability based on a common stock simulation model and future projections of various potential outcomes. The Company incurred \$19,950 in transaction costs. The fair value of the initial derivative and the transaction costs incurred were recorded as debt discount and are amortized over the life of the convertible notes using the effective interest method.

On December 19, 2024, holders of the convertible debentures approved an amendment to the debenture indenture, originally dated as of February 24, 2023, such that the maturity of the convertible debentures was extended from February 24, 2025 to December 31, 2025, and the convertible debentures bear interest of 5.00% per annum until February 24, 2025, and 8.00% per annum from February 25, 2025. The Company determined that this amendment should be treated as a debt modification.

On December 18, 2025, the debt was automatically converted into 3,834,857 common shares of the Company at a conversion price of \$2.154 per share, being a 40% discount of the IPO price of \$3.59 per share, upon the IPO of the Company. The fair value of the shares issued for the conversion was \$13,767,137. The outstanding principal and interest of the convertible debentures upon conversion was \$8,260,802. In accordance with the debenture indenture, the Company did not issue shares for fractional interest based on the conversion price of \$2.154 per share, and was not required to make cash payments for the fractional interest. At the time of conversion there was \$18,892 of unamortized debt discount. This amount was written off upon conversion.

Debt discount amortization during the three months ended March 31, 2025 was \$117,067. Interest expense on the convertible notes for the three months ended March 31, 2025 was \$107,797. The Company did not incur any costs in relation to the convertible debentures during the three months ended March 31, 2026.

A summary of convertible debt as of and for the year ended December 31, 2025 is as follows:

## 6. CONVERTIBLE DEBENTURES (CONTINUED)

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
As of January 1, 2025	\$ 4,658,056	\$ 833,381	\$ 456,126	\$ 674,003	\$ 623,395	\$ 7,244,961
Amortization of debt discount	164,037	45,181	33,360	69,513	188,846	500,937
Interest	320,546	58,402	32,538	49,425	53,993	514,904
Conversion	(5,142,639)	(936,964)	(522,024)	(792,941)	(866,234)	(8,260,802)
As of December 31, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

A roll-forward of the derivative liability, which is categorized at Level 3 on the fair value hierarchy, for the year ended December 31, 2025 is as follows:

	Derivative liabilities
As of January 1, 2025	\$ 4,535,469
Change in fair value	970,866
Conversion	(5,506,335)
As of December 31, 2025	\$ -

The key inputs used in the Monte Carlo model for the embedded conversion feature at initial measurement were as follows:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Risk-free interest rate	4.67%	4.90%	5.11%	4.69%	4.44% - 5.01%
Expected term (years)	2.00	1.58	1.42	1.17	0.50 - 0.75
Expected volatility	74.6%	74.2%	75.8%	75.9%	69.3% - 86.2%
Probability of an IPO	50.00%	60.00%	70.00%	75.00%	95.00%
Stock price	\$ 0.5135	\$ 0.5477	\$ 0.5632	\$ 0.5886	\$ 2.0627 - 3.2454

The Company's use of a Monte Carlo simulation model required the use of the subjective assumptions:

- The stock price was determined from a 409A valuation which determined that the market approach using the last price raised was the appropriate basis for the fair value of the common stock;
- The volatility was derived from comparable public companies;
- For the early redemption option the Company estimated this at 0% for all valuation dates. The Company estimated this default at 0% for all valuation dates;
- The probability of a successful IPO occurring was based on management's best estimate; and
- The conversion price is not subject to reset provisions for subsequent financing events.

## 7. LEASES

On June 1, 2022, the Company entered into a one-year lease for hangar space. The lease agreement provided for four renewal terms of one year each. Management has determined that the renewals are likely to be utilized and the renewal terms are included in the calculation of the lease liability and right of use asset. In 2022, the Company recognized a right of use operating lease asset in the amount of \$421,000 for this lease.

On July 1, 2025, upon renewal of the hangar lease, the Company entered into an amendment to the lease agreement, providing for rental of additional hangar space for a proportionate increase of monthly rental costs. In 2025, the Company recognized the additional space as a separate right of use operating lease asset, in the amount of \$20,372 for the additional space.

On October 1, 2025, the Company entered into an amendment of the lease for hangar space, which reduced hangar space under lease for a proportionate decrease in monthly rental costs, as well as extending the lease until May 2031. The rental cost will increase by 3% at each anniversary of the lease. The Company recognized a partial termination of leased space based on proportionate share of leased space terminated, as well as a modification of the operating lease assets which resulted in an increase in lease liability and right of use operating lease asset by \$303,611. As the areas under lease have the same remaining term and no economic distinction, the Company accounts for the original hangar space and additional hangar space as one lease upon modification.

**7. LEASES (CONTINUED)**

Lease liabilities are measured at the commencement date based on the present value of future lease payments. As the Company's lease did not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The Company used a discount rate of 15.00% in determining its lease liabilities.

The discount rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. The discount rate therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the discount using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The Company determined its discount rate based on the rate used by comparable public companies.

The following table presents net lease cost and other supplemental lease information:

	March 31, 2026	March 31, 2025
Lease cost:		
Operating lease cost	\$ 32,882	\$ 30,395
Variable lease cost	14,238	14,057
Short term lease cost	83,633	58,299
Net lease cost	130,753	102,751
Cash paid for operating lease liabilities	\$ (12,679)	\$ (21,161)

As of March 31, 2026 and December 31, 2025, the Company's lease liability is as follows:

Lease liability	March 31, 2026	December 31, 2025
Current portion of operating lease liability	\$ 58,943	\$ 55,898
Long-term portion of operating lease liability	418,529	434,253
	\$ 477,472	\$ 490,151

Future minimum lease payments to be paid by the Company as a lessee as of March 31, 2026 are as follows:

Operating lease commitments and lease liability	
2026 (remaining)	\$ 94,551
2027	129,111
2028	132,984
2029	136,974
2030	141,083
2031	59,507
Total future minimum lease payments	694,210
Discount	(216,738)
Total	\$ 477,472

The lease has a remaining term of 5.17 years.

## 8. STOCKHOLDERS' EQUITY

### a) Common stock

*Common stock activity during the three months ended March 31, 2026*

On January 5, 2026, the Company issued an aggregate of 29,341 Common Shares pursuant to the cashless exercise of 30,000 warrants outstanding, at an exercise price of \$0.33 per share.

On January 9, 2026, the Company issued 24,285 Common Shares pursuant to the cashless exercise of 25,000 warrants outstanding, at an exercise price of \$0.33 per share.

On March 12, 2026, the Company issued 114,250 Common Shares upon vesting of 114,250 RSUs, which had an acceleration of vesting upon the achievement of a benchmark of the share price of the Company's Common Shares being traded on the NYSE American.

On March 28, 2026, the Company was obligated to issue 114,250 Common Shares upon vesting of 114,250 RSUs, which had an acceleration of vesting upon the achievement of a benchmark of the share price of the Company's Common Shares being traded on the NYSE American. The 114,250 Common Shares were subsequently issued upon settlement of the RSUs on April 2, 2026.

*Common stock activity during the year ended December 31, 2025*

On January 6, 2025, the Company closed a round of its Reg A Offering in relation to funds already received as of December 31, 2024 and issued 521,070 shares of common stock at a price of \$3.59 per share, for gross proceeds of \$1,870,643. In conjunction with closing this financing round, the Company incurred cash issuance costs of \$106,516. On January 6, 2025, the Company also issued 5,224 warrants to the placement agent. These warrants vest immediately, have an expiration date of September 6, 2029, and an exercise price of \$3.59. The Company valued the warrants using the Black-Scholes model and determined that the warrants had a fair value of \$12,672.

On February 27, 2025 and March 13, 2025, the Company closed two rounds of its Reg A Offering for gross proceeds of \$4,101,109. Issuance costs totalling \$226,129 were incurred in connection with this closing. On April 2, 2025, the Company issued 1,142,367 shares in connection with this closing. On April 2, 2025, the Company also issued 11,425 warrants to the placement agent. These warrants vest immediately, have an expiration date of September 6, 2029, and an exercise price of \$3.59. The Company valued the warrants using the Black-Scholes model and determined that the warrants had a fair value of \$27,163.

On April 11, 2025, the Company closed a round of its Reg A Offering and issued 234,485 shares of common stock at a price of \$3.59 per share for gross proceeds of \$841,801. In conjunction with the closing of this round, the Company incurred cash issuance cost of \$50,711. On April 25, 2025, the Company issued 2,344 agent's warrants in connection with this closing, with each warrant exercisable into one share of common stock at an exercise price of \$3.59 and expiring on September 6, 2029. The Company valued the warrants using the Black-Scholes model and determined that the warrants had a fair value of \$4,925.

On May 14, 2025, the Company closed a round of its Reg A Offering for gross proceeds of \$1,976,791. Issuance costs totalling \$194,029 were incurred in connection with this closing. On July 17, 2025, the Company issued 550,639 shares in connection with this closing.

On July 23, 2025, the Company closed a round of its Reg A Offering and issued 91,426 shares of common stock at a price of \$3.59 per share for gross proceeds of \$328,230. In conjunction with the closing of this round, the Company incurred cash issuance cost of \$14,066. On July 23, 2025, the Company issued 6,451 agent's warrants to the placement agent in connection to the May 14, 2025 and July 23, 2025 closings. These warrants vest immediately, have an expiration date of September 6, 2029, and an exercise price of \$3.59. The Company valued the warrants using the Black-Scholes model and determined that the warrants had a fair value of \$13,450.

**8. STOCKHOLDERS' EQUITY (CONTINUED)**

On December 17, 2025, the Company closed the final round of its Reg A Offering as its initial public offering and issued 6,145,364 shares of common stock at a price of \$3.59 per share for gross proceeds of \$22,061,857. In conjunction with the closing of this round, the Company incurred cash issuance cost of approximately \$2,671,890. The Company also issued 61,402 agent's warrants with a fair value of \$120,564 in connection with this closing, with each warrant exercisable into one share of common stock at an exercise price of \$3.59 and expiring on September 6, 2029.

On December 18, 2025, the Company issued 3,834,857 shares of common stock at a conversion price of \$2.154 per share pursuant to the automatic conversion of the Company's outstanding convertible debentures (Note 6) upon the listing of the Company's common stock on the NYSE American. The fair value of these shares was \$13,767,137.

On December 18, 2025, the Company also issued 404,312 shares of common stock at a conversion price of \$3.59 per share pursuant to the conversion of the Company's notes payable (Note 5) to Space Florida upon the listing of the Company's common stock on the NYSE American. The fair value of these shares was \$1,451,480.

On December 26, 2025, the Company issued 11,676,166 shares of common stock pursuant to a cashless exercise of 11,915,000 warrants outstanding, at an exercise price of \$0.33 per share.

On December 31, 2025, the Company issued 114,250 shares of common stock upon the vesting of 114,250 RSUs, which had an acceleration of vesting upon the achievement of a benchmark of the share price of the Company's common stock being traded on the NYSE American.

**b) Warrants**

A summary of Common Stock warrant activity during the three months ended March 31, 2026 is as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life in years	Aggregate intrinsic value
Outstanding, January 1, 2026	6,346,420	\$ 0.39	2.73	\$ 71,478,245
Exercised	(55,000)	0.33		
Outstanding, March 31, 2026	6,291,420	0.39	2.48	\$ 34,805,809
Vested, March 31, 2026	6,291,420	0.39	2.48	\$ 34,805,809

As previously noted, in connection with the 2025 Offerings, the Company was required to issue 86,846 warrants to the placement agent. These warrants vest immediately, have an expiration date of September 6, 2029, and an exercise price of \$3.59. The Company valued the warrants using the Black-Scholes model. Based on the below inputs, the Company determined that the warrants had a fair value of \$178,774 for the year ended December 31, 2025.

	December 31, 2025
Expected volatility	68.98% - 87.30%
Expected term (years)	3.72 - 4.67
Risk-free interest rate	2.61% - 3.10%
Dividend yield	0%

The stock price in the model was based on a 409A valuation which determined that the market approach using the last price raised was the appropriate basis for the fair value of the common stock, the volatility was based on the historical volatility of comparable public companies, and the expected term is the life of the warrant.

8. STOCKHOLDERS' EQUITY (CONTINUED)

c) Options

A summary of Common Stock option activity during the three months ended March 31, 2026 is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life in years	Aggregate intrinsic value
Outstanding, January 1, 2026	2,415,000	\$ 3.59	4.63	\$ 19,464,900
Forfeited	(1,390,000)	3.59		
Outstanding, March 31, 2026	1,025,000	3.59	4.38	\$ 2,388,250
Vested, March 31, 2026	-	\$ -	-	\$ -

On August 12, 2025, the Company granted 2,200,000 stock options that vest 180 days from the date of listing on the NYSE. The exercise price of the options is \$3.59 and expire on August 12, 2030. 1,425,000 options were granted to related parties.

On September 29, 2025, the Company granted 215,000 stock options that vest 180 days from the date of listing on the NYSE. The exercise price of the options is \$3.59 and expire on September 29, 2030. 75,000 options were granted to a Director and 140,000 to the former corporate secretary and spouse of the former CEO.

No options were granted during the three months ended March 31, 2026.

During the three months ended March 31, 2026, the Company recognized negative stock compensation of (\$553,762) in connection with the stock options. On February 19, 2026, 1,390,000 options were forfeited upon the resignation of the former CEO, the former corporate secretary and spouse of the former CEO, and two immediate family members of the former CEO. The Company reversed \$1,081,160 in stock compensation expense related to these forfeitures during the three months ended March 31, 2026. During the three months ended March 31, 2026, the Company recognized stock compensation expense of (\$363,512) within consulting fees; \$143,744 in contract labor and fuel; (\$397,410) in management fees; and \$63,416 in professional fees. Future unrecognized stock-based compensation expense arising from the options amount to \$451,218.

The Company valued the stock options using the Black-Scholes model. Based on the below inputs, the Company determined that the options had a fair value of \$4,195,896 upon issuance during the year ended December 31, 2025.

	December 31, 2025
Expected volatility	77.25% - 77.97%
Expected term (years)	2.57 - 2.64
Risk-free interest rate	2.57%
Dividend yield	0%

The stock price in the model was based on a 409A valuation which determined that the market approach using the last price raised was the appropriate basis for the fair value of the common stock, the volatility was based on the historical volatility of comparable public companies, and the expected term applied the simplified method under ASC 718, and is the midpoint between vesting date and expiration date of the options.

d) Restricted share units ("RSUs")

A summary of RSU activity during the three months ended March 31, 2026 is as follows:

	Number of RSUs
Outstanding, January 1, 2026	2,170,750
Vested	(228,500)
Outstanding, March 31, 2026	1,942,250

### 8. STOCKHOLDERS' EQUITY (CONTINUED)

On August 12, 2025, the Company granted 2,285,000 RSUs that vest 180 days from the date of listing on the NYSE. 1,275,000 RSUs were granted to related parties. The grant date fair value was \$3.59 per share.

Among the RSUs granted to each recipient, 50% of such RSUs are subject to potential acceleration:

- 25% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$17.95 for any period of 10 consecutive trading days after listing, with the average trading volume of the shares being greater than 250,000 shares per day for those 10 consecutive trading days;
- 5% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$5.38 on any day after listing (*met and accelerated*);
- 5% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$5.38 for any period of 10 consecutive trading days beginning at least 60 days after listing, and the average trading volume of the shares was greater than 100,000 share per day for any 60-day period after listing (*met and accelerated*);
- 5% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$5.38 for any period of 10 consecutive trading days beginning at least 90 days after listing, and the average trading volume of the shares was greater than 100,000 share per day for any 90-day period after listing (*met and accelerated*);
- 5% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$5.38 for any period of 10 consecutive trading days beginning at least 120 days after listing, and the average trading volume of the shares was greater than 100,000 share per day for any 120-day period after listing; and,
- 5% vest immediately, in the event the closing bid price of the shares of the Company is greater than \$5.38 for any period of 10 consecutive trading days beginning at least 150 days after listing, and the average trading volume of the shares was greater than 100,000 share per day for any 150-day period after listing.

The Company assessed there to be 95% probability of achievement of each 5% tranche having a \$5.38 share price target; and a 0% probability of achievement for the 25% tranche having a \$17.95 share price target.

During the year ended December 31, 2025, 5% of the grant, which amounts to 114,250 of RSUs were accelerated and vested, as a result of one of the aforementioned market conditions being met.

During the three months ended March 31, 2026, an additional 10% of the grant, which amounts to 228,500 of RSUs were accelerated and vested, as a result of one of the aforementioned market conditions being met.

No RSUs were granted during the three months ended March 31, 2026 and 2025.

The Company recognized \$2,350,536 in stock-based compensation related to the RSUs vested during the three months ended March 31, 2026 (March 31, 2025 - \$0), with \$10,287 recognized in advertising and promotion; \$144,015 recognized in business development; \$1,347,572 recognized in consulting fees; and \$848,662 recognized in professional fees. Future unrecognized stock-based compensation expense arising from the RSUs amount to \$1,666,240.

### 9. RELATED PARTY TRANSACTIONS

#### *Due From Related Party*

As of March 31, 2026, \$1,526,126 (December 31, 2025 - \$0) was due from the former CEO, who is also a significant shareholder, in relation to unauthorized transfers made by the former CEO prior to resignation (Note 11). Furthermore, a loss from misappropriation of assets of \$395,033 was also recognized in relation to this event.

As of March 31, 2026, \$6,833 (December 31, 2025 - \$6,833) was due from the CFO, for expenses paid on behalf of the CFO by the Company prior to the initial public offering. The amounts are unsecured, non-interest bearing and due on demand. The amount has been repaid on May 15, 2026.

**9. RELATED PARTY TRANSACTIONS (CONTINUED)**

*Management Fees*

During the three months ended ended March 31, 2026 and 2025, management fees of \$50,000 and \$75,000, respectively, were incurred to the former CEO, who is also a significant shareholder of the Company. As of March 31, 2026 and December 31, 2025, \$0 and \$25,000, respectively, management fees were included in accounts payable and accrued liabilities. Management fees also included negative stock-based compensation of \$397,410 (three months ended March 31, 2025 - \$0) in relation to the reversal of previously recognized expenses for 500,000 options forfeited by the former CEO upon resignation. The grant date fair value of the 500,000 options granted was \$868,102.

*Consulting Fees*

During the three months ended March 31, 2026 and 2025, the Company incurred an expense of \$12,000 and \$18,000, respectively, of fees to an entity owned by the spouse of the former CEO, who is also a significant shareholder. As of March 31, 2026 and December 31, 2025, \$0 and \$0 of these fees were included in accounts payable and accrued expenses.

During the three months ended March 31, 2026 and 2025, the Company incurred an expense of \$0 and \$10,606, respectively, of fees to the former BOD member of the Company. As of March 31, 2026 and December 31, 2025, \$0 and \$0 of these fees were unpaid, respectively.

*Contract Labor*

During the three months ended March 31, 2026 and 2025, the Company incurred expenses of \$6,000 and \$20,000, respectively, to an immediate family member of the former CEO, who is also a significant shareholder. As of March 31, 2026 and December 31, 2025, \$0 and \$0 of these fees were unpaid, respectively.

*Director Fees*

During the three months ended March 31, 2026 and 2025, directors fees of \$44,000 and \$42,000, respectively, were incurred. As of March 31, 2026 and December 31, 2025, \$32,000 and \$0, respectively, of directors fees were included in accounts payable and accrued liabilities.

*Professional Fees*

During the three months ended March 31, 2026 and 2025, the Company incurred professional fee expenses of \$27,000 and \$24,000, respectively, with the CEO and VP of Development. There were \$1,000 and \$8,000 owed to this related party as of March 31, 2026 and December 31, 2025, respectively.

During the three months ended March 31, 2026 and 2025, the Company incurred professional fee expenses of \$45,000 and \$45,000, respectively, to the CFO of the Company. There were no amounts owed to this related party as of March 31, 2026 and December 31, 2025.

*Stock-based Compensation*

During the three months ended March 31, 2025, the Company recognized no stock-based compensation, as there were no Options nor RSUs issued.

**9. RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year ended December 31, 2025, the Company granted the following Options and RSUs to related parties:

- 500,000 Options with grant date fair value of \$868,102 to the former CEO, who is also a significant shareholder, which have since been forfeited;
- 640,000 Options with grant date fair value of \$1,113,101 to the spouse of the former CEO, who is also a significant shareholder, which have since been forfeited;
- 250,000 Options with grant date fair value of \$434,051 to the two immediate family members of the former CEO, who is also a significant shareholder, which have since been forfeited;
- 125,000 Options with grant date fair value of \$217,025 to the CEO and VP of Development;
- 125,000 Options with grant date fair value of \$218,059 to a director;
- 750,000 RSUs with grant date fair value of \$2,692,500 to the CFO; and
- 525,000 RSUs with grant date fair value of \$1,884,750 to two directors and two former directors.

During the three months ended March 31, 2026, the Company incurred stock-based compensation arising from RSUs amounting to \$308,604 to two directors, recognized in consulting fees; and \$771,511 to the CFO, recognized in professional fees.

During the three months ended March 31, 2026, the Company incurred stock-based compensation arising from options amounting to negative \$397,410 to the former CEO, recognized in management fees; and negative \$485,044 to the spouse of the former CEO, recognized in consulting fees; and negative \$198,705 to two immediate family members of the former CEO, recognized in contract labor and fuel; \$70,799 to a director, recognized in consulting fees; and \$63,417 to the CEO and VP of Development, recognized in professional fees.

*Notes Payable*

On August 14, 2010, Company entered into a loan agreement with the former CEO, who is also a significant shareholder, in the amount of \$865,000. The loan bears no interest, with no terms of repayment. As of March 31, 2026, and December 31, 2025, \$185,976 was outstanding for this loan.

On August 14, 2010, the Company entered into a loan agreement with an entity owned by the spouse of the former CEO, who is also a significant shareholder, in the amount of \$865,000. The loan bears no interest, with no terms of repayment. As of March 31, 2026 and December 31, 2025, \$865,000 was outstanding for this loan.

On August 1, 2022, the Company entered into a loan agreement with the former CEO, who is also a significant shareholder, in the amount of \$475,150. The loan bears no interest, with no terms of repayment. As of March 31, 2026 and December 31, 2025, \$475,150 was outstanding for this loan.

**10. INCOME TAXES**

The Company did not record any income tax provision or benefit for the three months ended March 31, 2026 and 2025. The Company provides for a valuation allowance when it is more likely than not that it will not realize a portion of its deferred tax assets. The Company has established a valuation allowance against the net deferred tax asset due to the uncertainty that enough taxable income will be generated in those taxing jurisdictions to utilize the assets. Therefore, the Company has not reflected any benefit of such deferred tax assets in the accompanying unaudited condensed consolidated interim financial statements.

## 11. COMMITMENTS AND CONTINGENCIES

### Midland Economic Development Agreement

On October 7, 2024, the Company entered into an economic development agreement (the "Economic Development Agreement") with Midland Development Corporation ("MDC"), whereby MDC has agreed to provide certain incentives to the Company for (i) expansion of its business operations to the Midland International Air & Space Port ("KMAF"), (ii) creation and retention of primary jobs within the corporate limits of the City of Midland, and (iii) relocation of certain capital assets and equipment at the Midland International Air & Space Port. In connection with the Economic Development Agreement, the Company has a commitment to enter into certain temporary, short-term, and long-term hangar leases at KMAF, and the MDC would provide reimbursements of lease payments until a long-term hangar lease is being entered into. For the three months ended March 31, 2026 and 2025, the Company incurred short-term rent expenses of \$24,000 and \$40,000, respectively, in relation to the Economic Development Agreement.

During the three months ended March 31, 2026 and 2025, the Company received from MDC advances of \$413,000 and \$0, respectively.

For the three months ended March 31, 2026 and 2025, the Company is entitled to grant income related to reimbursement of these costs of \$24,000 and \$40,000. As of March 31, 2026 and December 31, 2025, the Company had a grant payable of \$743,967 and \$354,967, respectively.

### Pending Litigation with Rick Svetkoff, former CEO and Director

On April 9, 2026, Rick Svetkoff, former CEO and Director, filed a complaint against the Company, and its board members in the 18th Judicial Circuit in Brevard County, Florida. The complaint alleges that the defendants breached fiduciary duty, deceptive business practices, and improper control and alteration of corporate records and is seeking \$26 million in damages. The Company denies all of the allegations of the complaint and intends to vigorously defend itself. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in these condensed consolidated interim financial statements for the three months ended March 31, 2026.

On February 19, 2026, Rick Svetkoff, the former CEO and Director, and Brenda Svetkoff, former Secretary and spouse of the former CEO, voluntarily resigned from the Company. On February 3, 2026 and February 17, 2026, Rick Svetkoff withdrew and transferred funds amounting to \$500,000 to an account not held in the name of the Company or its subsidiaries, and \$1,395,869 to Rick Svetkoff and RLB Aviation, Inc., a company controlled by Brenda Svetkoff, respectively, without approval of the Company's Board of Directors or Audit Committee. In February 2026, Rick and Brenda Svetkoff made rental payments for a residential property of \$19,502 from the Company's funds without authorization. In May 2026, the Company discovered a further bank account opened in 2024 without approval of the Company's Board of Directors or Audit Committee by Rick and Brenda Svetkoff, which processed Company funds, and had \$5,788 withdrawn and not returned to the Company's treasury, upon account closure in March 2025. Such amounts total to \$1,921,159, which the Company intends to pursue a recovery of. As of March 31, 2026, the Company recognized amounts due from shareholder of \$1,526,126 and a loss from misappropriation of assets of \$395,033. The amount due from shareholder is equivalent to the balance of related party notes payable (Note 9) to Rick Svetkoff and RLB Aviation, Inc., which the Company intends to apply against the amount due from shareholder, should litigation pursuing recovery of such amounts be unsuccessful.

### Aerovision Aircraft Acquisition Agreement

On October 31, 2024, the Company entered into an aircraft acquisition agreement ("Aircraft Agreement") with Aerovision LLC ("Aerovision"), pursuant to which the Company agreed to purchase from Aerovision various used aircrafts and associated spare equipment (the "Aircraft Transactions") in phases. The subject aircraft for acquisition pursuant to the Aircraft Agreement are: (i) twelve F-4 Phantom II aircraft, (ii) one MD-83 with U.S. Federal Aviation Administration ("FAA") Registration N572AA, and (iii) one DC-9 with FAA Registration N932NA. The twelve F-4 Phantom II aircraft have recently been decommissioned by the Republic of Korea Air Force, and will have to be registered with the FAA after they are imported into the United States from South Korea.

The Aircraft Agreement requires an initial deposit advance in the amount of \$5,000,000 to be made no later than ten business days from the signing of the Aircraft Agreement, which has been paid from funds received from the Company's Regulation A Tier 2 Offering. The payment of the deposit is considered to constitute "Phase 1" under the Aircraft Agreement. Phase 2 will involve the payment of an additional \$5,000,000 for the acquisition of eight of the twelve F-4 Phantom II aircraft. Such payment is due no later than December 15, 2024. Phase 3 will involve the payment of an additional \$5,000,000 for the acquisition of the final four F-4 Phantom II aircraft. Such payment is due no later than March 15, 2025. Phase 4 shall involve the payment of an additional \$5,000,000 for the acquisition of the MD-83 aircraft with FAA Registration N572AA, and the DC-9 aircraft with FAA Registration N932NA. The parties are to use their reasonable best efforts to complete Phase 4 by April 15, 2025. This agreement has subsequently been amended.

**11. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

On January 28, 2025, the Company and Aerovision verbally agreed to amend the Aircraft Agreement regarding the Aircraft Transactions, pursuant to which: (i) the Company may elect not to proceed with Phase 3 and/or Phase 4; (ii) the initial deposit advance of \$5,000,000 is broken down into two payments of \$2,500,000 each, with the first payment to be made on or before January 31, 2025 (which has been paid on January 24, 2025), and the second payment to be made within 10 days of Aerovision executing a binding agreement to acquire a minimum of eight F-4 Phantom II aircraft from an alternative supplier(s) (which has been paid on March 3, 2025); (iii) the due date for payment associated with Phase 2 is amended to be within five days of Aerovision providing confirmation of shipping of the F-4 Phantom II aircraft to the Company from the point of origin; (iv) the due date for payment associated with Phase 3, if Starfighters International elected to proceed, is amended to be October 31, 2025; (v) the due date for payment associated with Phase 4, if Starfighters International elected to proceed, is amended to be January 31, 2026.

If all four phases of the Aircraft Agreement are completed, the total cost of the agreement will be \$20,000,000. As of March 31, 2026, the Company has made deposits to Aerovision totalling \$5,150,000 (December 31, 2025 - \$5,150,000).

As of March 31, 2026, Aerovision has not provided any information as to the availability of any of the F-4 Phantom II aircraft contemplated to be purchased by the Company, and all recent attempts by the Company to contact Aerovision have been unsuccessful. The Company is currently reviewing what remedies might be available under the Aircraft Agreement.

*Pending Litigation with Mountain CI Holdings Ltd.*

On April 17, 2026, Mountain CI Holdings Ltd. filed a complaint against the Starfighters, Inc., a subsidiary of the Company, in the 18th Judicial Circuit in Brevard County, Florida. The plaintiff is seeking \$610,000 for monies allegedly lent to Starfighters, Inc. in 2014 – 2021 which remained unpaid. The Company denies all of the allegations of the complaint and intends to vigorously defend itself. The outcome of the complaint cannot be determined at this time and has not been accrued for in these condensed consolidated interim financial statements for the three months ended March 31, 2026.

*Flagship Bank Account Restrictions*

Due to ongoing dispute and a legal complaint filed by Rick Svetkoff, former CEO and Director, on April 9, 2026, Flagship Bank has placed restrictions on all accounts held by Starfighters International, Inc., a Florida subsidiary of the Company. As such, the Company reports cash of \$684,758, and short-term investments of \$503,286, as restricted as of March 31, 2026.

*Regions Bank Account Restrictions*

Due to ongoing dispute with Rick Svetkoff, former CEO and Director, over the control of bank accounts, Regions Bank has formally notified the Company on May 15, 2026, that it has placed restrictions on all accounts held by Starfighters International, Inc., a Texas subsidiary of the Company. As such, the Company reports cash of \$539 and short-term investments of \$209,993, as restricted as of March 31, 2026.

## 12. CORRECTION OF IMMATERIAL ERRORS

As disclosed in our Form 10-K filed on April 15, 2026, certain revisions, noted below, were necessary to the previously filed financial statements for the three months ended March 31, 2025.

The Company determined \$40,000 of grant income should have been recorded in the unaudited condensed consolidated interim statements of operations for the three months ended March 31, 2025, with a corresponding grant receivable in the condensed consolidated interim balance sheet. As of March 31, 2025, the Company was already entitled to receive the amount as reimbursement on its rent expenses pursuant to the Economic Development Agreement (Note 11).

The Company also determined research and development expenses of \$255,479 was understated in the unaudited condensed consolidated interim statement of operations for the three months ended March 31, 2025.

For the three months ended March 31, 2025, the corrected net loss is \$2,653,107, or \$0.13 per share.

The Company evaluated the corrections and has determined their impacts were immaterial, individually and in aggregate, to the previously issued unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025.

## 13. SUBSEQUENT EVENTS

On April 2, 2026, the Company issued 114,250 Common Shares for the settlement of 114,250 RSUs (Note 8) vested on March 28, 2026, which had an acceleration of vesting upon the achievement of a benchmark of the share price of the Company's Common Shares being traded on the NYSE American.

On April 9, 2026, former CEO and Director, Rick Svetkoff filed a complaint against the Company, and its board members in the 18th Judicial Circuit in Brevard County, Florida. The complaint alleges that the defendants breached fiduciary duty, deceptive business practices, and improper control and alteration of corporate records and is seeking \$26 million in damages. The Company denies all of the allegations of the complaint and intends to vigorously defend itself.

Effective May 11, 2026, the Board of Directors of the Company appointed Jose Arias as the Company's Vice President, Space Operations. In connection with the appointment, the Company is to pay a one-time sign-on bonus of \$20,000. Subject to board approval, the Company will also grant 150,000 stock options under the Company's equity incentive plan. The exercise price of the stock options will be equal to fair market value of the Company's common stock on the grant date, and have a vesting schedule of 25% after 12 months, with the remaining 75% vesting monthly in equal installments over the subsequent 24 months.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes contained therein which have been prepared in accordance with US GAAP. This discussion contains forward-looking statements reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections titled "Risk Factors" and "Statements Regarding Forward-Looking Information" appearing elsewhere in this discussion and analysis. All figures are in US dollars unless otherwise noted. Unless the context otherwise requires, for the purposes of this section, "Starfighters", "we", "us", "our", or the "Company" refer to Starfighters Space, Inc. and its subsidiaries.*

### Company Overview

The Company was founded and incorporated under the laws of the State of Delaware on September 6, 2022. On December 17, 2025, the Company successfully closed its initial public offering and on December 18, 2025, our common shares were listed for trading on the NYSE American under the trading symbol "FJET". Our goal is to make space accessible to entrepreneurs, researchers, industry participants, and the government at a high cadence and the right cost.

Our principal operating facility, head office and mailing address is located at 505 Odyssey Way, Suite 101, Kennedy Space Center, Florida, 32953 and our phone number is 321-261-0900. Our registered and records office is located at 850 New Burton Road, Suite 201, Dover, Delaware 19904. Our website address is <https://starfighterspace.com/>.

We operate the world's only commercial fleet of flight-ready F-104 supersonic aircraft. Recent increases in government expenditures and commercial investment are driving growth in the space economy. This increase has created a demand for services such as the National Aeronautics and Space Administration ("NASA") owned F-104s used to provide. To our knowledge, there is currently no other commercially available aircraft to the public with the capabilities of the Lockheed F-104 in terms of speed and climbing performance. We plan to fulfill these needs through a fleet of seven (7) F-104 aircraft. Based at NASA's Kennedy Space Center, the aircraft provide the following four groups of services:

- Launch Services and Access to Space;
- Research and Development (R&D) and Test and Evaluation (T&E) Test Bed;
- Defense, Civil, Academic and Commercial Services; and
- Pilot and Astronaut Training.

### Recent Developments

#### *Successful completion of wind tunnel testing for STARLAUNCH 1*

On January 21, 2026, we announced the successful completion of wind tunnel testing of STARLAUNCH 1, a key technical milestone in our air-launched rocket development efforts.

The completed test campaign evaluated separation of the STARLAUNCH 1 vehicle from the Starfighters' aircraft platform across both subsonic and supersonic conditions. Using a combination of computational fluid dynamics (CFD) analysis and experimental wind tunnel testing, we assessed separation behavior at Mach 0.85 and Mach 1.3. Across all test conditions, clean separation was demonstrated with no adverse aerodynamic interactions observed.

The wind tunnel campaign consisted of ten successful runs, conducted at both subsonic and supersonic speeds. Experimental results showed strong agreement between CFD predictions and measured forces and moments, confirming the accuracy of Starfighters' aerodynamic models and separation simulations.

Testing was conducted at the FAMU/FSU Joint College of Engineering Polysonic Wind Tunnel. The correlation between simulation and experimental data represents an important risk-reduction step as the program transitions from analytical validation toward physical test articles.

Based on the completed testing, we have initiated the next procedural step in the program by moving forward with the procurement of instrumented drop test articles. These articles are intended to support further evaluation of separation dynamics under flight conditions and will incorporate onboard sensors and telemetry systems.

STARLAUNCH 1 is being developed as a sub-orbital vehicle designed to support short-duration microgravity missions and serves as a pathfinder for future air-launched concepts. In parallel, the validated separation work also supports our broader aerospace testing services, including programs where clean separation is required for advanced and hypersonic vehicle testing.

#### ***Current Status of Aerovision Aircraft Acquisition Agreement***

Our wholly owned subsidiary, Starfighters International, Inc. ("**SFII**"), is party to an aircraft acquisition agreement dated October 31, 2024, and amended on January 28, 2025 (as amended, the "**Aircraft Agreement**"), with Aerovision LLC, a Florida limited liability company ("**Aerovision**"), pursuant to which SFII agreed to purchase from Aerovision various used aircraft and associated spare equipment in phases. The subject aircraft for acquisition pursuant to the Aircraft Agreement originally included twelve F-4 Phantom II aircraft that had been decommissioned by the Republic of Korea Air Force.

The Aircraft Agreement required an initial deposit advance in the amount of \$5,000,000, payable in two instalments of \$2,500,000 each, with the first payment to be made on or before January 31, 2025 and the second payment to be made within 10 days of Aerovision executing a binding agreement to acquire a minimum of eight F-4 Phantom II aircraft from one or more alternative suppliers when it became uncertain whether the F-4 Phantom II aircraft originally identified for acquisition by SFII were, in fact, available.

SFII paid the two instalments of the initial deposit advance to Aerovision, totaling \$5,000,000, on January 24, 2025, and March 3, 2025. However, Aerovision has not provided any information as to the availability of any of the F-4 Phantom II aircraft contemplated to be purchased by SFII, and all recent attempts by our Company to contact Aerovision have been unsuccessful. We, acting through SFII, are reviewing what remedies might be available under the Aircraft Agreement.

#### ***Resignations of Rick Svetkoff and Brenda Svetkoff***

On February 19, 2026, our Board of Directors received by email a resignation letter pursuant to which Rick Svetkoff resigned as the Chief Executive Officer, President, Chairman and director of the Company. In his resignation letter, Mr. Svetkoff indicated that his disagreement with the Board and the Company related to the operations, policies and practices of the Company acting through the Board led to his decision to resign from all officer positions and as a director of the Company. Although Mr. Svetkoff's resignation has not materially affected our day-to-day operations, it remains unclear at this time whether his departure will adversely affect our ability to compete in the long term.

Also, on February 19, 2026, the Board received by email a resignation letter from Brenda Svetkoff, the spouse of Mr. Svetkoff, pursuant to which Mrs. Svetkoff resigned as the Secretary of the Company. In her resignation letter, Mrs. Svetkoff indicates that her disagreement with the Board and the Company related to the operations, policies and practices of the Company acting through the Board led to her decision to resign from acting as the Secretary of the Company.

Copies of the resignation letters received from Mr. and Mrs. Svetkoff were included as Exhibits 17.1 and 17.2, respectively, to the Company's current report on Form 8-K, as filed with the SEC on February 25, 2026.

The Company respectfully disagrees with the substance of and the assertions and characterizations that are contained in the resignation letters of Mr. Svetkoff and Mrs. Svetkoff.

### ***Appointment of Tim Franta as Chief Executive Officer***

On February 22, 2026, following the resignation of Mr. Svetkoff as the Chief Executive Officer, President and Chairman, the Board of Directors at a meeting appointed Tim Franta, then a current director and the VP Development, as the Chief Executive Officer of the Company. In addition to assuming his new duties as Chief Executive Officer, Mr. Franta continues to serve the Company as a director and VP Development.

### ***Pending Litigation with Rick Svetkoff***

On April 9, 2026, Richard "Rick" Svetkoff filed a complaint in the 18th Judicial Circuit in and for Brevard County, Florida (Case No. 26TC-245660994), against the Company, Timothy Franta (the Company's current CEO and a board member), board members Sean Bromley, Brian Goldmeier and Geoffrey "Hak" Hickman, and Flagship Bank as trustee for funds held in the name of the Company's wholly-owned subsidiary, SFII. Mr. Svetkoff previously served as the Company's CEO, President and Executive Chairman, and as a Director, until his voluntary resignation from these positions on February 19, 2026. Following his resignation, the Company removed Mr. Svetkoff as an officer and director of SFII, a corporation formed under the laws of the State of Florida, and Starfighters International, Inc., a corporation formed under the laws of Texas, on March 9, 2026, and caused Articles of Amendment to be filed for SFII with the Florida Secretary of State office on March 27, 2026. In addition, the Company removed Mr. Svetkoff as an officer and director of Starfighters, Inc. ("SI"), a corporation formed under the laws of the State of Florida, on April 2, 2026, and caused Articles of Amendment to be filed for SI with the Florida Secretary of State office on April 3, 2026.

Mr. Svetkoff's complaint asserts three counts: (i) a claim for breach of fiduciary duty against the director defendants alleging, among other things, self-dealing, mismanagement of assets, and failure to act in good faith that seeks damages alleged to exceed \$26,000,000, as well as equitable relief, including removal of certain directors; (ii) a claim under the Florida Deceptive and Unfair Trade Practices Act, alleging that the Company and Mr. Franta improperly used certain corporate entities and related assets to divert business and to trade on plaintiff's goodwill, and injunctive relief, damages, to be determined at trial, attorneys' fees and transfer of the domain name *starfighters.net*; and (iii) a claim for injunctive relief relating to alleged changes to corporate records and control over certain assets, including funds held at Flagship Bank.

The Company denies all of the allegations of the complaint and intends to vigorously defend itself. The Company also conducted an internal review regarding certain transactions and activities involving Mr. Svetkoff both prior to and following his resignation. The Company contends that Mr. Svetkoff opened an offshore bank account in the Company's name at Hamilton Reserve Bank of St. Kitts and Nevis and transferred approximately \$1.0 million of SFII's funds into that account without authorization, though the funds were subsequently returned and such account was closed. The Company also identified several issues related to banking transactions in SFII's accounts at Flagship Bank in February 2026, including, but not limited to, unauthorized withdrawals and transfers of funds in the aggregate amount in excess of \$1.9 million to Mr. Svetkoff and RLB Aviation, Inc., a corporation owned by Mr. Svetkoff's wife, Brenda Svetkoff, as well as for rental payments for a residential private property, without approval of the Company's Board of Directors or audit committee. In May 2026, the Company discovered a further bank account opened in 2024 which the Company contends was without approval of the Company's Board of Directors or audit committee by Mr. and Mrs. Svetkoff, which processed Company funds, and had \$5,788 withdrawn and not returned to the Company's treasury, upon account closure in March 2025. Such amounts total to \$1,921,159, which the Company intends to pursue a recovery of.

The Company is preparing to file a response to the complaint and is evaluating potential counterclaims and other claims against Mr. Svetkoff and related parties, which may include claims for conversion, misappropriation of corporate assets, and breach of fiduciary duty. The Company reserves all rights and defenses in connection with this matter, cannot predict the outcome of this matter, and an adverse result could have a material adverse effect on the Company business, financial condition, cash flows, or results of operations.

In relation to this pending litigation and ongoing dispute over controls of bank accounts, Flagship Bank has placed restrictions on all accounts held by SFII with the bank, which held cash and short-term investments totaling over \$1.1 million.

In addition, due to ongoing dispute over control of bank accounts, Regions Bank has also placed restrictions on all accounts held by our Texas subsidiary with the bank, which held cash and short-term investments totaling approximately \$0.2 million.

**Results of Operations - Three Months Ended March 31, 2026, Comparison Against the Three Months Ended March 31, 2025**

	<b>For the three months ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Operating expenses</b>		
Advertising and promotion	\$ 508,462	\$ 81,173
Bank and interest charges	2,456	4,027
Business development	144,015	180,000
Consulting fees	1,124,862	390,350
Contract labor and fuel	331,116	185,775
Depreciation	88,588	5,080
Directors' fees	44,000	42,000
Franchise tax	10,069	-
Insurance	205,754	21,157
Licenses	-	450
Listing fees	233,149	3,049
Management fees	(347,410)	75,000
Office and administrative	47,320	78,125
Professional fees	1,331,822	192,414
Rent expense	130,753	102,751
Repairs and maintenance	2,379	5,994
Research and development	83,263	255,479
Travel and entertainment	113,140	255,454
Vehicle	114	1,275
<b>Total operating expenses</b>	<b>(4,053,852)</b>	<b>(1,879,553)</b>
<b>Other income (expense)</b>		
Amortization of debt discount	-	(117,067)
Change in fair value of derivative liability	-	(704,662)
Other income	15,000	87,900
Grant income	24,000	40,000
Interest expense	-	(118,410)
Interest income	50,788	42,775
Loss on disposal of property, plant, and equipment	(4,603)	-
Loss from misappropriation of assets	(395,033)	-
Exchange loss	(5,431)	(4,090)
<b>Total other income (expense)</b>	<b>(215,279)</b>	<b>(773,554)</b>
<b>Net loss</b>	<b>\$ (4,269,131)</b>	<b>\$ (2,653,107)</b>

During the three months ended March 31, 2026, we incurred a net loss of \$4,269,131 compared to net loss of \$2,653,107 for the three months ended March 31, 2025. An analysis of the increase in net loss of \$1,616,024 including the major components of our results for the periods, is below.

**Advertising and promotion**

During the three months ended March 31, 2026, we incurred advertising and promotion expenses of \$508,462 compared to \$81,173 for the three months ended March 31, 2025, an increase of \$427,289 year over year. During the three months ended March 31, 2026, the Company embarked on a public relations campaign to raise awareness about its brand and business following the Company's listing on the NYSE American, whereas the Company incurred lower ongoing public relations expenses during the three months ended March 31, 2025. Furthermore, in 2026, advertising and promotion expenses also include \$10,287 in stock-based compensation related to RSUs issued in 2025 to a marketing consultant. There was no stock-based compensation in the comparative period.

### ***Business development***

During the three months ended March 31, 2026, we incurred business development expenses of \$144,015 compared to \$180,000 for the three months ended March 31, 2025. The current period expenditure is solely stock-based compensation related to RSUs issued in 2025 to a business development advisor of the Company, which will vest by June 2026. In the comparative period, such expenses were paid in cash and were incurred for corporate advisory and investor outreach activities associated with the Company's then-ongoing financing and listing efforts through its Regulation A financing.

### ***Consulting fees***

During the three months ended March 31, 2026, we incurred consulting fees of \$1,124,862 compared to \$390,350 for the three months ended March 31, 2025, an increase of \$734,512 year-over-year. In the current quarter, consulting fees include \$984,060 in stock-based compensation related to options and RSUs issued during the previous year. There was no stock-based compensation in the comparative period. Cash-based consulting fees were \$140,802, which was a decrease of \$249,548 compared to the prior year. In the comparative period, the Company incurred certain corporate advisory and consulting expenses in relation to its go-public efforts, which were not repeated in Q1 2026, following the successful completion of the Company's IPO in December 2025.

### ***Contract labor and fuel***

During the three months ended March 31, 2026, we incurred contract labor and fuel expenses of \$331,116 compared to \$185,775 for the three months ended March 31, 2025, an increase of \$145,341 year-over-year. In the current quarter, contract labor and fuel include \$143,744 in stock-based compensation related to options issued in 2025 to members of the operations team based at Kennedy Space Center. There was no stock-based compensation in the comparative period. The cash-based expenses for contract labor and fuel remained consistent year-over-year with similar level of flight activities undertaken in the current year.

### ***Directors' fees***

During the three months ended March 31, 2026, we incurred directors' fees of \$44,000 compared to \$42,000 for the three months ended March 31, 2025, which is relatively consistent year-over-year.

### ***Insurance***

During the three months ended March 31, 2026, we incurred insurance expense of \$205,754 compared to \$21,157 for the three months ended March 31, 2025, an increase of \$184,597. Insurance expenses of the Company included coverages for its operations of F-104 aircrafts, as well as directors' and officers' ("D&O") coverages. The increase is mainly due to increased D&O coverages connected to the Company's listing on the NYSE American.

### ***Management fees***

Management fees for the three months ended March 31, 2026 were (\$347,410) compared to expense of \$75,000 for the three months ended March 31, 2025, a decrease of \$422,410 year-over-year. In the current quarter, the Company paid cash management fees of \$50,000 to the Company's former CEO for overseeing the day to day operations, netted off by a reversal of previously-recognized stock-based compensation of \$397,410 related to options previously issued but forfeited by the Company's former CEO upon his resignation in February 2026. There was no stock-based compensation in the comparative period.

### ***Office and administrative***

During the three months ended March 31, 2026, we incurred office and administrative expenses of \$47,320 compared to \$78,125 for the three months ended March 31, 2025, a decrease of \$30,805 year-over-year. The decrease in administrative expenses is correlated to the reduced level of administrative work required, following the Company's successful completion of its IPO.

### ***Listing fees***

During the three months ended March 31, 2026, we incurred listing fees of \$233,149 compared to \$3,049 for the three months ended March 31, 2025, an increase of \$230,100 year-over-year. Listing fees reflect public company costs of the Company, including transfer agent expenses, periodic fees for maintaining listings on the NYSE American, expenditures for public filings, among others. The year-over-year increase reflects increased ongoing obligations of the Company following the completion of its IPO in December 2025 to become a public company.

### ***Professional fees***

During the three months ended March 31, 2026, we incurred professional fees of \$1,331,822 compared to \$192,414 for the three months ended March 31, 2025, an increase of \$1,139,408 year-over-year. In the current quarter, professional fees included \$912,078 in stock-based compensation related to options and RSUs issued in 2025 for services from a number of individuals, including the Company's CFO, and cash fees of \$419,744. There was no stock-based compensation in the comparative period. The year-over-year increase relates to additional legal, audit, and accounting fees incurred to fulfill the Company's increased reporting obligations as a result of becoming a public company in December 2025, as well as increased legal expenditures related to disputes the Company is party to, including those involving the Company's former CEO, the Aircraft Agreement, and access to certain bank accounts of the Company's subsidiaries in relation to the resignation of the Company's former CEO.

### ***Rent expense***

During the three months ended March 31, 2026, we incurred rent expense of \$130,753 compared to \$102,751 for the three months ended March 31, 2025, an increase of \$28,002 year-over-year. The Company entered into a new short-term lease for a new temporary hangar lease in Texas commencing June 2025, resulting in an increase in rent expense incurred.

### ***Repairs and maintenance***

During the three months ended March 31, 2026, we incurred repair and maintenance expenses of \$2,379 compared to \$5,994 for the three months ended March 31, 2025, a decrease of \$3,615, which remained relatively consistent year over year.

### ***Research and development***

During the three months ended March 31, 2026, we incurred research and development expenses of \$83,263 compared to \$255,479 for the three months ended March 31, 2025 a decrease of \$172,216 year-over-year. The decrease reflected the completion of the initial phase of testing for the Company's StarLaunch platform, as announced in January 2026 and disclosed earlier in this management's discussion and analysis.

### ***Travel and entertainment***

During the three months ended March 31, 2026, we incurred travel and entertainment expenditures of \$113,140 compared to \$255,454 for the three months ended March 31, 2025, a decrease of \$142,314 year-over-year. During the comparative period, the Company was actively travelling and entertaining prospective investors, resulting in higher expenditures than in the current year.

### ***Amortization of debt discount***

During the three months ended March 31, 2025, the Company recognized amortization of the discount on its convertible debt of \$117,067, whereas there were no equivalent expenses in the current period. The discount related to a bifurcated conversion option transaction costs incurred for a previously outstanding convertible debt financing. The convertible debt was fully converted and settled in December 2025, concurrently with the Company's IPO.

### ***Change in fair value of derivative liability***

During the three months ended March 31, 2025, the Company recorded a change in the fair value of its derivative liability of \$704,662, whereas there were no equivalent expenses in the current period. The derivative liability resulted from a conversion option on the Company's previously existing convertible debt which was bifurcated as the number of shares to be issued upon conversion may vary. The change in fair value reflects updates to key valuation inputs into the Monte Carlo valuation, including the Company's share price, expected volatility and time to maturity. The convertible debt was fully converted and settled in December 2025, concurrently with the Company's IPO.

### ***Other income***

During the three months ended March 31, 2026, we earned other income of \$15,000 compared to \$87,900 for the three months ended March 31, 2025, a decrease of \$72,900 year-over-year. Other income consists of ancillary income earned for providing pilot training and equipment testing services, and varies with the availability of airspace, equipment and personnel.

### ***Grant income***

During the three months ended March 31, 2026, we earned grant income of \$24,000 compared to \$40,000 for the three months ended March 31, 2025, a decrease of \$16,000 period-over-period. Grant income consists of expense reimbursement received or is receivable by the Company in connection with rent expenses and costs of relocation of assets and operations to Midland, Texas, in accordance with the Economic Development Agreement with the MDC.

### ***Interest expense***

During the three months ended March 31, 2026, we incurred no interest expense compared to \$118,410 for the three months ended March 31, 2025. Interest expense consisted of interest on convertible debentures of the Company which were carried at 5% per annum and raised to 8% per annum in February 2025, and note payable to Space Florida which was carried at 3% per annum. These loans were converted into common stock upon the Company's listing on the NYSE American in December 2025, and are no longer outstanding.

### ***Interest income***

During the three months ended March 31, 2026, we earned interest income of \$150,788 compared to \$42,775 for the three months ended March 31, 2025, an increase of \$108,013 year-over-year.

### ***Loss on disposal of property, plant, and equipment***

During the three months ended March 31, 2026, we recognized a loss on disposal of property, plant, and equipment, in relation to a vehicle that was paid for by SFII in 2022 that was not returned to the Company's possession upon the resignation of the former CEO of the Company.

### ***Loss from misappropriation of assets***

During the three months ended March 31, 2026, we recognized a loss from misappropriation of assets of \$395,033 in relation to withdrawal and transfer of funds of the Company by the former CEO of the Company without approval of the Board of Directors or the Audit Committee of the Company, totaling \$1,921,159. The portion to which we recognized a loss for represented excess amounts over related party notes payable which we owed to the former CEO and his related entities, for which we determined there is no sufficient evidence for its collectability.

### **Liquidity and Capital Resources**

We continually monitor and manage cash flow to assess the liquidity necessary to fund operations and capital projects. We manage our capital resources and adjust them to take into account changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust our capital resources, we may, where necessary, control the amount of working capital, pursue financing or manage the timing of our capital expenditures. As of March 31, 2026, we had a positive working capital of \$14,711,208 (current assets of \$18,205,092, less current liabilities of \$3,493,884) and as of December 31, 2025, we had a positive working capital of \$17,091,337 (current assets of \$20,143,416, less current liabilities of \$3,052,079).

Our continuing operations are dependent upon our ability to obtain debt or equity financing until such time that we achieve profitable operations. There can be no assurance that we will gain adequate market acceptance for our products or be able to generate sufficient gross margins to reach profitability.

Since our inception, we have incurred operating losses and have experienced negative cash flows from operations. We do not anticipate that cash on hand will be adequate to satisfy our obligations in the ordinary course of business over the next 12 months.

Furthermore, as disclosed earlier, within our current assets, cash and short-term investments of \$1,188,044 were restricted by Flagship Bank due to ongoing litigation involving Rick Svetkoff, our former CEO and Director; a further \$210,532 of cash and short-term investments were restricted by Regions Bank due to ongoing disputes over ownership and control of bank accounts with Rick Svetkoff; and \$1,526,126 recognized as due from shareholder was part of \$1,921,159 that was identified to have been unauthorized withdrawals and transfers by Rick Svetkoff from our Flagship Bank and Regions Bank accounts without approval by our board of directors or audit committee prior to his resignation, which we intend to pursue a recovery of, but do not currently have access thereto. The balance of \$395,033 was recorded as loss to misappropriation of assets.

Based on this assessment, we have material uncertainties about our business that may cast substantial doubt about our ability to continue as a going concern. Accordingly, our ability to continue as a going concern is dependent upon our ability to raise sufficient funds to pay ongoing operating expenditures and to meet our obligations. See further discussion related to our ability to continue as a going concern within Note 2 to our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2026 and 2025 under "- Basis of Presentation - Going Concern."

As of March 31, 2026, and December 31, 2025, we had \$2,138,039 and \$4,631,720 in cash (including restricted cash), respectively. We are actively managing current cash flows until such time that we are profitable.

The chart below highlights our cash flows for the periods indicated:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
	<b>\$</b>	<b>\$</b>
Net cash provided by (used in):		
Operating activities	(3,963,542)	(1,669,732)
Investing activities	1,469,861	(5,295,422)
Financing activities	-	3,869,831
Decrease in cash and restricted cash	(2,493,681)	(3,095,323)

#### ***Cash Used in Operating Activities***

Our net cash used in operating activities is primarily due to cash payments for operating expenses that we incur in the day-to-day operations of the business. Net cash used in operating activities for the three months ended March 31, 2026, was \$3,963,542 compared to \$1,669,732 for the three months ended March 31, 2025. The loss for the three months ended March 31, 2026, of \$4,269,131 was amplified by \$1,476,646 in working capital items and offset by \$1,782,235 in non-cash items consisting mainly of stock-based compensation. This compares to a loss of \$2,653,107 for the comparative period, that was offset by \$146,800 in changes in working capital items and \$836,575 in non-cash items consisting mainly of amortization of the convertible debt discount and change in fair value of derivative liability.

#### ***Cash Provided by (Used in) Investing Activities***

Net cash provided by (used in) investing activities for the three months ended March 31, 2026 was an inflow of \$1,469,861 and relates to the redemption of short-term investments of \$10,056,100, netted off by purchase of short-term investments of \$8,586,239. Net cash used in investing activities during the comparative period was \$5,295,422 and relates to deposits made toward the purchase of property, plant and equipment of \$5,000,000 and the purchase of short-term investments of \$295,422.

#### ***Cash Provided by Financing Activities***

We have funded our business to date from the issuance of our common stock, warrants and convertible debentures through Reg A financing, private placements, and from loans from related parties.

The Company did not undertake any financing activities during the three months ended March 31, 2026.

During the three months ended March 31, 2025, the Company received gross proceeds from Reg A financing of \$4,101,909 and paid for share issuance costs of \$232,078, resulting in a net cash inflow of \$3,869,831.

#### **Capital Management**

Capital is comprised of our stockholders' equity and any debt that we may issue. Our objectives when managing capital are to maintain financial strength and to protect our ability to meet ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for our shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. We manage capital structure to maximize financial flexibility by making adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. We do not presently utilize any quantitative measures to monitor our capital, but rather we rely on our management's expertise to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given our size, is reasonable.

There were no changes to our approach to capital management during the period. We are not subject to externally imposed capital requirements.

### **Critical Accounting Policies and Estimates**

Our unaudited condensed consolidated interim financial statements are prepared in accordance with generally accepted accounting principles in the U.S. The preparation of our unaudited condensed consolidated interim financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our unaudited condensed consolidated interim financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Our summary of significant accounting policies is described in more detail in the notes to our unaudited condensed consolidated interim financial statements. Please refer to Note 3.

### **Off-Balance Sheet Arrangements**

We have not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

### **Subsequent Events**

On April 2, 2026, the Company issued 114,250 Common Stocks upon vesting and settlement of 114,250 RSUs (Note 8), which had an acceleration of vesting upon the achievement of a benchmark of the share price of the Company's Common Stocks being traded on the NYSE American for a period of 10 consecutive trading days after March 18, 2026.

On April 9, 2026, former CEO and Director, Rick Svetkoff filed a complaint against the Company, and its board members in the 18<sup>th</sup> Judicial Circuit in Brevard County, Florida. The complaint alleges that the defendants breached fiduciary duty, deceptive business practices, and improper control and alteration of corporate records and is seeking \$26 million in damages. The Company denies all of the allegations of the complaint and intends to vigorously defend itself.

Effective May 11, 2026, the Board of Directors of the Company appointed Jose Arias as the Company's Vice President, Space Operations. In connection with the appointment, the Company is to pay a one-time sign-on bonus of \$20,000. Subject to board approval, the Company will also grant 150,000 stock options under the Company's equity incentive plan. The exercise price of the stock options will be equal to fair market value of the Company's common stock on the grant date, and have a vesting schedule of 25% after 12 months, with the remaining 75% vesting monthly in equal installments over the subsequent 24 months.

### **Implications of Being an Emerging Growth Company**

The Company, as an issuer with less than \$1.235 billion in total annual gross revenues during its last fiscal year, it will qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "**JOBS Act**") and this status will be significant. An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company, the Company:

- will not be required to obtain an auditor attestation on its internal controls over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;

- will not be required to provide a detailed narrative disclosure discussing its compensation principles, objectives and elements and analyzing how those elements fit with its principles and objectives (commonly referred to as "compensation discussion and analysis");
- will not be required to obtain a non-binding advisory vote from its shareholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- will be exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"); and
- will be eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards.

The Company intends to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under Section 107 of the JOBS Act. The Company's election to use the phase-in periods may make it difficult to compare its financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under Section 107 of the JOBS Act.

Under the JOBS Act, the Company may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after the Company's initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, as amended, or such earlier time should it no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that the Company would cease to be an "emerging growth company" if the Company has more than \$1.235 billion in annual revenues, has more than \$700 million in market value of its common stock held by non-affiliates, or issues more than \$1 billion in principal amount of non-convertible debt over a three-year period.

Certain of these reduced reporting requirements and exemptions are also available to the Company due to the fact that it may also qualify, once subject to the reporting obligations under section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, as a "smaller reporting company" under the SEC's rules. For instance, smaller reporting companies are not required to obtain an auditor attestation on their assessment of internal control over financial reporting; are not required to provide a compensation discussion and analysis; are not required to provide a pay-for-performance graph or CEO pay ratio disclosure; and may present only two years of audited financial statements and related MD&A disclosure.

### **Item 3. Quantitative And Qualitative Disclosures About Market Risk**

As a smaller reporting company as defined in Rule 12b-2 under the Exchange Act, the Company is not required to provide the information required by this item.

### **Item 4. Controls And Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal period ended March 31, 2026, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that during the period covered by this report, our disclosure controls and procedures were not effective as our management has identified material weaknesses.

### ***Material Weaknesses***

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual financial statements will not be prevented or detected in a timely manner.

During the year ended December 31, 2024, a material weakness was identified in our financial reporting controls over complex debt accounting.

During the year ended December 31, 2025, seven material weaknesses were identified:

- Lack of controls over banking authorities, including the opening of and custody over bank accounts, and the review and approval over cash disbursements;
- Management's override of controls due to lack of segregation of duties and insufficiently robust checks and balances;
- Incorrect recognition of stock-based compensation;
- The Company did not obtain board approval for all related party transactions;
- Classification of fixed asset additions;
- Complex debt accounting, inclusive of derivatives; and,
- Completeness of payables and expenses.

During the three months ended March 31, 2026, a material weakness was identified in our financial reporting controls over the accounting for the unauthorized distributions made by Rick Svetkoff.

### ***Remediation Efforts to Address the Identified Material Weaknesses***

We plan to enhance our processes to identify and appropriately apply applicable accounting requirements to better evaluate debt and stock-based compensation accounting requirements that apply to our financial statements, and to improve robustness of controls and approvals processes of transactions and disbursements. Our plans at this time include:

- Adopting banking resolutions that limit banking relationships and defining approval authorities to ensure oversight and accountability over the Company's funds;
- Adopting approval thresholds and enforcing dual-approval requirements for material payments, including those of the Company's subsidiaries;
- Adopting board-approved bank account inventory and account-opening authority policy;
- Adopting bank access grant and revocation protocols;
- Providing enhanced access to accounting literature and research materials;
- Increasing communication among our personnel and third-party professionals;
- Enhancing our processes in our treasury functions to improve transparency and control;
- Implementing an enhanced matrix of approval authorities and review requirements on banking transactions;
- Implementing enhanced tracking of payables expenditures, including centralized processing of invoices; and,
- Enhancing vendor communications.

The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

### ***Changes in Internal Control over Financial Reporting***

Except for the material weakness identified and the remediation procedures being implemented by the Company as described above, there was no change in our internal control over financial reporting during the fiscal quarter ended March 31, 2026 covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

In the ordinary course of business, we may from time to time become subject to legal proceedings and claims arising in connection with ongoing business activities. The results of litigation and claims cannot be predicted with certainty, and unfavorable resolutions are possible and could materially affect our results of operations, financial condition or cash flows. In addition, regardless of the outcome, litigation could have an adverse impact on us as a result of legal fees, the diversion of management's time and attention and other factors. At this time, the Company is unable to estimate the possible loss or range of loss, if any, associated with the matters described below.

On April 9, 2026, Richard "Rick" Svetkoff filed a complaint in the 18<sup>th</sup> Judicial Circuit in and for Brevard County, Florida (Case No. 26TC-245660994), against the Company, Timothy Franta (the Company's current CEO and a board member), board members Sean Bromley, Brian Goldmeier and Geoffrey "Hak" Hickman, and Flagship Bank as trustee for funds held in the name of the Company's wholly-owned subsidiary, Starfighters International, Inc. ("**SFII**"). Mr. Svetkoff previously served as the Company's CEO, President and Executive Chairman, and as a Director, until his voluntary resignation from these positions on February 19, 2026. Following his resignation, the Company removed Mr. Svetkoff as an officer and director of SFII, a corporation formed under the laws of the State of Florida, and Starfighters International, Inc., a corporation formed under the laws of Texas, on March 9, 2026, and caused Articles of Amendment to be filed for SFII with the Florida Secretary of State office on March 27, 2026. In addition, the Company removed Mr. Svetkoff as an officer and director of Starfighters, Inc. ("**SI**"), a corporation formed under the laws of the State of Florida, on April 2, 2026, and caused Articles of Amendment to be filed for SI with the Florida Secretary of State office on April 3, 2026.

Mr. Svetkoff's complaint asserts three counts: (i) a claim for breach of fiduciary duty against the director defendants alleging, among other things, self-dealing, mismanagement of assets, and failure to act in good faith that seeks damages alleged to exceed \$26,000,000, as well as equitable relief, including removal of certain directors; (ii) a claim under the Florida Deceptive and Unfair Trade Practices Act, alleging that the Company and Mr. Franta improperly used certain corporate entities and related assets to divert business and to trade on plaintiff's goodwill, and injunctive relief, damages, to be determined at trial, attorneys' fees and transfer of the domain name *starfighters.net*; and (iii) a claim for injunctive relief relating to alleged changes to corporate records and control over certain assets, including funds held at Flagship Bank.

The Company denies all of the allegations of the complaint and intends to vigorously defend itself. The Company also conducted an internal review regarding certain transactions and activities involving Mr. Svetkoff both prior to and following his resignation. The Company contends that Mr. Svetkoff opened an offshore bank account in the Company's name at Hamilton Reserve Bank of St. Kitts and Nevis and transferred approximately \$1.0 million of SFII's funds into that account without authorization, though the funds were subsequently returned and such account was closed. The Company also identified several issues related to banking transactions in SFII's accounts at Flagship Bank in February 2026, including, but not limited to, unauthorized withdrawals and transfers of funds in the aggregate amount of \$1,895,869 to Mr. Svetkoff and RLB Aviation, Inc., a corporation owned by Mr. Svetkoff's wife, Brenda Svetkoff, without approval of the Company's Board of Directors or audit committee. In February 2026, Mr. and Mrs. Svetkoff made \$19,502 in rental payments for a residential private property from the Company's funds without authorization. In May 2026, the Company discovered a further bank account opened in 2024 which the Company contends was without approval of the Company's Board of Directors or audit committee by Mr. and Mrs. Svetkoff, which processed Company funds, and had \$5,788 withdrawn and not returned to the Company's treasury, upon account closure in March 2025. Such amounts total to \$1,921,159, which the Company intends to pursue a recovery of.

The Company is preparing to file a response to the complaint and is evaluating potential counterclaims and other claims against Mr. Svetkoff and related parties, which may include claims for conversion, misappropriation of corporate assets, and breach of fiduciary duty. The Company reserves all rights and defenses in connection with this matter, cannot predict the outcome of this matter, and an adverse result could have a material adverse effect on the Company business, financial condition, cash flows, or results of operations.

On April 17, 2026, Mountain CI Holdings Ltd. filed a complaint against the Starfighters, Inc., a subsidiary of the Company, in the 18th Judicial Circuit in Brevard County, Florida. The plaintiff is seeking \$610,000 for monies allegedly lent to Starfighters, Inc. in 2014 – 2021 which remained unpaid. The Company denies all of the allegations of the complaint and intends to vigorously defend itself. The outcome of the complaint cannot be determined at this time.

#### **Item 1A. Risk Factors**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item. You should carefully consider the risks discussed in the section entitled "Risk Factors" in Part I, Item 1A in our 2025 Annual Report, which could materially affect our business, financial condition, or future results. The risks described in our 2025 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we do not currently deem material, may also materially affect our business, results of operations, cash flows and financial position. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in the 2025 Annual Report.

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) On January 5, 2026, we issued an aggregate of 29,341 shares of Common Stock (the "**Warrant Shares**") pursuant to the cashless exercise of 30,000 warrants outstanding, at an exercise price of \$0.33 per share. The cashless exercise resulted in us effectively withholding and cancelling 659 Warrant Shares, with an aggregate value of \$10,119.27, based on the five trading day volume weighted average price of \$15.3555 per Warrant Share, to cover the aggregate exercise price of the warrants. We relied upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(9) of the Securities Act with respect to the issuance of the Warrant Shares.

On January 8, 2026, we issued 24,285 Common Stocks pursuant to the cashless exercise of 25,000 warrants outstanding, at an exercise price of \$0.33 per share. The cashless exercise resulted in us effectively withholding and cancelling 715 Warrant Shares, with an aggregate value of \$10,346.12, based on the five trading day volume weighted average price of \$14.4701 per Warrant Share, to cover the aggregate exercise price of the warrants. We relied upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(9) of the Securities Act with respect to the issuance of the Warrant Shares.

(b) Not applicable.

(c) There were no repurchases of our Common Stock or purchases by affiliated parties in the fiscal quarter ended March 31, 2026.

#### **Item 3. Defaults Upon Senior Securities**

None.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Item 5. Other Information**

During our fiscal quarter ended March 31, 2026, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

## Item 6. Exhibits

The following exhibits are included with this Quarterly Report:

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
<a href="#"><u>10.1<sup>(†)</sup></u></a>	<a href="#"><u>Employment Offer Agreement between Starfighters Space, Inc. and Jose Arias, dated April 27, 2026.</u></a>
<a href="#"><u>31.1<sup>(*)</sup></u></a>	<a href="#"><u>Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).</u></a>
<a href="#"><u>31.2<sup>(*)</sup></u></a>	<a href="#"><u>Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).</u></a>
<a href="#"><u>32.1<sup>(**)</sup></u></a>	<a href="#"><u>Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS <sup>(*)</sup>	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
<a href="#"><u>101.SCH<sup>(*)</sup></u></a>	<a href="#"><u>Inline XBRL Taxonomy Extension Schema Document</u></a>
<a href="#"><u>101.CAL<sup>(*)</sup></u></a>	<a href="#"><u>Inline XBRL Taxonomy Extension Calculation Linkbase Document</u></a>
<a href="#"><u>101.DEF<sup>(*)</sup></u></a>	<a href="#"><u>Inline XBRL Taxonomy Extension Definition Linkbase Document</u></a>
<a href="#"><u>101.LAB<sup>(*)</sup></u></a>	<a href="#"><u>Inline XBRL Taxonomy Extension Label Linkbase Document</u></a>
<a href="#"><u>101.PRE<sup>(*)</sup></u></a>	<a href="#"><u>Inline XBRL Taxonomy Extension Presentation Linkbase Document</u></a>
104 <sup>(*)</sup>	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101 attachments)

Notes:

(†) Indicates a management contract or compensatory plan

(\*) Filed herewith

(\*\*) Furnished herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**STARFIGHTERS SPACE, INC.**

Date: May 19, 2026

By: /s/ Tim Franta  
Name: Tim Franta  
Title: Chief Executive Officer  
(Principal Executive Officer) and  
Director

Date: May 19, 2026

By: /s/ David Whitney  
Name: David Whitney  
Title: Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)



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## EMPLOYMENT OFFER AGREEMENT

**Vice President, Space Operations**  
**Starfighters Space Inc.**

This Employment Offer Agreement ("Agreement") is made as of April 27, 2026, by and between:

**Starfighters Space Inc., a Delaware corporation** (the "Company"),  
and  
**Jose Arias**, an individual residing in Florida (the "Executive").

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### 1. Position and Duties

The Company hereby employs Executive as **Vice President (VP), Space Operations**.

Executive shall:

- Lead all spaceflight operations, mission execution, and integration activities
- Oversee production, testing, and operational readiness of aerospace systems
- Direct cross-functional coordination across engineering, manufacturing, quality, and flight operations
- Develop and execute operational strategies aligned with Company objectives
- Report directly to the Chief Executive Officer (CEO) and participate in senior leadership decisions

Executive agrees to devote full business time and best efforts to Company business.

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### 2. Start Date

Employment shall commence on **May 11, 2026**

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### 3. Compensation

#### 3.1 Base Salary

Executive shall receive an annual base salary of **\$190,000 USD**, payable in accordance with Company payroll practices.

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#### 3.2 Sign-On Bonus

Executive shall receive a **one-time sign-on bonus of \$20,000 USD**, payable within 30 days of the Start Date. If Executive voluntarily resigns within 12 months, the bonus must be repaid in full.

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#### 3.3 Annual Bonus

Executive shall be eligible for an annual performance bonus of up to **25% of base salary**, based on Company and individual performance.

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#### 3.4 Equity Compensation

Subject to Board approval, Executive shall be granted:

- **150,000 stock options** under the Company's equity incentive plan
  - Exercise price equal to fair market value on the grant date
  - **Vesting Schedule:**
    - o 25% vest after 12 months (1-year cliff)
    - o Remaining 75% vest monthly over the following 24 months
  - Standard terms governed by a separate Stock Option Agreement
- 
-



#### 4. Benefits

Executive shall be eligible for all standard and executive-level Company benefits, including:

- Health, dental, and vision insurance
  - Retirement plans (if offered)
  - Paid time off and holidays
- 

#### 5. At-Will Employment

Employment is **at-will** under Florida law.

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#### 6. Severance

If Executive is terminated **without Cause**, Executive shall receive:

- **3 months of base salary continuation (\$45,000 USD total)**
  - Company-paid health benefits during the severance period
- 

#### 7. Change in Control

##### 7.1 Definition

"Change in Control" includes:

- Sale of substantially all Company assets
- Merger or acquisition resulting in change of majority ownership
- Change in Board control

##### 7.2 Double-Trigger Acceleration

If:

1. A Change in Control occurs, **and**
-



2. Executive is terminated without Cause or resigns for Good Reason within 12 months,

then:

- **100% of unvested stock options shall immediately vest**
  - Executive shall receive:
    - o **3 months of base salary (\$45,000 USD)**
    - o Target bonus (pro-rated if applicable)
- 

### **7.3 Good Reason**

Includes:

- Material reduction in compensation or authority
  - Relocation requirement beyond 50 miles
  - Material breach of this Agreement
- 

### **8. Confidentiality and Intellectual Property**

Executive agrees to:

- Maintain confidentiality of Company information
  - Assign all inventions and work product to the Company
- 

### **9. Non-Competition and Non-Solicitation**

Pursuant to **Florida Statutes §542.335**, Executive agrees:

- **Non-Compete:** 12 months post-employment in aerospace/space operations
  - **Non-Solicitation:** 12 months for employees, customers, and partners
- 
-



**10. Compliance with Laws**

Executive shall comply with all applicable laws, including:

- ITAR
  - FAA and spaceflight regulations
  - Export control laws
- 

**11. Indemnification**

The Company shall indemnify Executive to the fullest extent permitted by applicable law.

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**12. Governing Law**

This Agreement shall be governed by the laws of the **State of Florida**, without regard to conflict of law principles.

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**13. Entire Agreement**

This Agreement constitutes the entire agreement between the parties.

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**14. Acceptance**

IN WITNESS WHEREOF:

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**Starfighters Space Inc.**

By: /s/ Tim Franta

Name: Tim Franta

Title: CEO

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**Executive**  
**Jose Arias**

Signature: /s/ Jose Arias

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## CERTIFICATION

I, Tim Franta, certify that:

1. I have reviewed this Form 10-Q of Starfighters Space, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2026

/s/ Tim Franta

Tim Franta, Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, David Whitney, certify that:

1. I have reviewed this Form 10-Q of Starfighters Space, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2026

/s/ David Whitney

David Whitney, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Tim Franta, the Chief Executive Officer of Starfighters Space, Inc., and David Whitney, the Chief Financial Officer of Starfighters Space, Inc., each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q of Starfighters Space, Inc. for the quarterly period ended March 31, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Starfighters Space, Inc.

Date: May 19, 2026

/s/ Tim Franta

Tim Franta, Chief Executive Officer  
(Principal Executive Officer)

/s/ David Whitney

David Whitney, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Starfighters Space, Inc. and will be retained by Starfighters Space, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.