

Translation

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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025[Japanese GAAP]

August 9, 2024

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 Scheduled date for filing August 9, 2024 Scheduled date for commencing -
 quarterly securities report: dividend payments:
 Preparation of supplementary materials on quarterly Yes
 financial results:
 Holding of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise stated)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025

(from April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

| | Net sales | | Operating income (loss) | | Ordinary income (loss) | | Net income (loss) attributable to owners of parent | |
|-----------------------------------|-----------------|--------|-------------------------|---|------------------------|---|--|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| First quarter ended June 30, 2024 | 635 | (22.1) | (2,295) | — | (1,576) | — | (1,579) | — |
| First quarter ended June 30, 2023 | 815 | — | (1,109) | — | (1,375) | — | (1,374) | — |

(Note) Comprehensive income (loss)

First quarter ended June 30, 2024: -1,737Millions of yen (-%)
 First quarter ended June 30, 2023: -1,541Millions of yen (-%)

| | Basic net income (loss) per share | Diluted net income (loss) per share |
|-----------------------------------|-----------------------------------|-------------------------------------|
| | Yen | Yen |
| First quarter ended June 30, 2024 | (16.95) | - |
| First quarter ended June 30, 2023 | (17.55) | - |

(Note) 1. Percentage change from the same quarter of the previous year for the first quarter of the fiscal year ended March 31, 2024 is not shown, since quarterly consolidated financial statements were not prepared for the first quarter of the fiscal year ended March 31, 2023.

2. Diluted net income (loss) per share is omitted for the reason that although there were dilutive shares, the Company posted basic net loss per share.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio |
|-----------------------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| First quarter ended June 30, 2024 | 26,561 | 8,013 | 30.2 |
| Fiscal year ended March 31, 2024 | 27,033 | 9,745 | 36.0 |

(Reference) Equity

First quarter ended June 30, 2024: 8,012 Millions of yen
 Fiscal year ended March 31, 2024: 9,744 Millions of yen

2. Cash Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|--------------------|--------------------|-----------------|-------|
| | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2024 | — | — | — | 0.00 | 0.00 |
| Fiscal year ending March 31, 2025 | — | | | | |
| Fiscal year ending March 31, 2025 (forecast) | | 0.00 | — | 0.00 | 0.00 |

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentage figures represent year-on-year changes)

| | Net sales | | Operating income (loss) | | Ordinary income (loss) | | Net income (loss) attributable to owners of parent | | Basic net income per share |
|-----------|-----------------|------|-------------------------|---|------------------------|---|--|---|----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 4,033 | 71.1 | (13,165) | — | (12,462) | — | (12,466) | — | (133.84) |

(Note) Revisions to the most recently announced dividend forecast: None

*Explanatory notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- i. Changes in accounting policies due to revisions to accounting standards, etc.: None
- ii. Changes in accounting policies other than those in above: None
- iii. Changes in accounting estimates: None
- iv. Restatement of prior period financial statements: None

(4) Number of shares issued and outstanding (common shares)

| | | | | |
|--|---------------------|-------------------|----------------------|-------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares) | As of June 30, 2024 | 93,162,663 shares | As of March 31, 2024 | 93,131,903 shares |
| 2) Number of treasury shares at the end of the period | As of June 30, 2024 | 55 shares | As of March 31, 2024 | 55 shares |
| 3) Average number of shares during the period (cumulative from the beginning of the fiscal year) | As of June 30, 2024 | 93,143,151 shares | As of June 30, 2023 | 78,322,964 shares |

* This summary of financial results is not subject to quarterly review procedures by a public accountant or an audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors. For matters concerning earnings forecast, refer to "1. Qualitative Information on the Financial Results for the Period under Review, (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information" on page 3 of the Appendix.

(How to obtain the supplementary materials on quarterly financial results and the content of the quarterly financial results briefing session)

The Company will hold a quarterly financial result briefing session for institutional investors and securities analysts on August 9, 2024 (Friday) and the material to be used in the briefing session will be disclosed on the Company website.

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1. Qualitative Information on the Financial Results for the Period under Review

(1) Explanation of Operating Results

The Company is a next-generation private space company working on the commercialization of lunar surface development to realize a sustainable world by expanding our living sphere into space in line with its vision of "Expand our planet. Expand our future."

During the consolidated fiscal year under review, the outlook for the global economy remained uncertain due to inflation caused by soaring prices and the significant depreciation of the yen, while tensions continued to mount in various regions, including Russia's invasion of Ukraine and the intensifying conflict in Israel and Palestine.

Despite such circumstances, in the field of space resource development, where our company belongs, the National Aeronautics and Space Administration (NASA) has announced that seven countries (Switzerland, Sweden, Slovenia, Lithuania, Peru, Slovakia, and Armenia) has newly signed the "Artemis Accords," a guideline for peaceful, friendly, and transparent activities on the Moon during the first quarter of the current consolidated fiscal year. In addition, a total of 43 countries and regions (as of June 30, 2024) including Japan and the U.S. have signed the Artemis Accords, which continue to show active progress.

The Japanese government has also secured a larger budget than in the past and is accelerating its efforts to encourage private companies and other organizations in the space field. In November 2023, the Cabinet decided to establish a 10-year "Space Strategy Fund" at the Japan Aerospace Exploration Agency (JAXA) to support multi-year development, demonstration, and commercialization of advanced technologies in the space sector by private companies and universities, aiming to provide a total of 1 trillion yen in support. For FY2024, the first phase of the Fund, a total of 22 technology development themes have been set for space transportation, satellites, exploration, and other fields under a total budget of 300 billion yen. The themes will be opened for public solicitation from July 2024, and as of the end of July 2024, 13 out of the 22 themes have been opened for public solicitation.

With such developments as a background, the Japanese entity has completed the thermal vacuum test of the flight model (actual model to be used in the launch) of the Mission 2 lunar lander "RESILIENCE Lander" in June 2024 and the assembly of the flight model of the Micro Rover which was designed and manufactured independently by the European entity was also completed and is progressing smoothly toward the launch scheduled for the winter of 2024. For Mission 6, which will be developed in parallel at our Japanese entity and scheduled for launch in 2027, we aim to complete the PDR (Preliminary Design Review) of the "Series 3 Lander (tentative name)," which will be used for the mission, in the fall of this year, and are currently working on the conceptual design of each system and subsystem of the lander. The U.S. entity held several Technical Interchange Meetings (TIMs, meetings to resolve technical issues, coordinate information, and communicate across all parties involved) in the presence of NASA, the Mission 3 payload customer, and Draper, the contracting entity with NASA for Mission 3, which is scheduled to be launched in 2026. Based on the results of these meetings, we are making progress toward the Critical Design Review (CDR), which is scheduled to be completed in the summer of this year. In terms of sales, the Company made progress in the development of Mission 2 and Mission 3 landers during the first quarter of the current consolidated fiscal year and made progress in recording sales from clients with existing contracts for payload services, while also promoting the acquisition of new clients. In the partnership business, in which the company collaborates on technology and product development through the sale of packages that include rights to use content, logo mark exposure in advertising media, and data usage rights, we have accelerated partnerships with existing partner companies, as well as the acquisition of new customers for HAKUTO-R, which targets up to Mission 2.

As a result, the Group posted net sales of 635,525 thousand yen (down 22.1% year-on-year), operating loss of 2,295,245 thousand yen (operating loss of 1,109,895 thousand yen in the same period of the previous fiscal year), ordinary loss of 1,576,020 thousand yen (ordinary loss of 1,375,491 thousand yen in the same period of the previous fiscal year) and net loss attributable to owners of parent of 1,579,112 thousand yen (net loss attributable to owners of parent of 1,374,834 thousand yen in the same period of the previous fiscal year) for First Quarter of consolidated fiscal year ending March 2025.

Furthermore, operating results by segment are omitted as the Group operates a single segment which is the lunar surface development business.

(2) Financial Position

(Current assets)

The balance of current assets at the end of the first consolidated quarter under review was 21,220,257 thousand yen, a decrease of 564,617 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to a decrease of 1,641,735 thousand yen in cash and deposits, while advances increased 699,984 thousand yen.

(Non-current assets)

The balance of non-current assets at the end of the first consolidated quarter under review was 5,341,332 thousand yen, an increase of 92,762 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 560,181 thousand yen in construction in progress, while long-term advances decreased by 594,846 thousand yen.

(Current liabilities)

The balance of current liabilities at the end of the first consolidated quarter under review was 12,076,467 thousand yen, an increase of 1,573,130 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 1,850,000 thousand yen in short-term borrowings.

(Long-term liabilities)

The balance of long-term liabilities at the end of the first consolidated quarter under review was 6,471,276 thousand yen, a decrease of 313,574 thousand yen from the end of the previous consolidated fiscal year. This was mainly attributable to long-term borrowings decreasing by 313,967 thousand yen.

(Net assets)

The balance of net assets at the end of the first consolidated quarter under review was 8,013,844 thousand yen, a decrease of 1,731,411 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of 1,579,112 thousand yen.

(3) Explanations on Consolidated Earnings Forecast and Other Forecast Information

Regarding consolidated earnings forecast, no change has been made to the consolidated earnings forecast for the full consolidated fiscal year announced on May 10, 2024, in the Notice of Revision of Full-Year Earnings Forecast.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | First quarter of current consolidated fiscal year (As of June 30, 2024) |
|------------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash on hand and in banks | 14,315,411 | 12,673,675 |
| Restricted cash | 2,517,482 | 2,687,527 |
| Notes receivable - trade | 1,385 | — |
| Accounts receivable - trade | 18,696 | 10,399 |
| Advance payments - trade | 4,228,814 | 4,928,799 |
| Work in process | 274,770 | 324,588 |
| Other current assets | 428,315 | 595,266 |
| Total current assets | 21,784,875 | 21,220,257 |
| Non-current assets | | |
| Property and equipment | 2,462,819 | 3,092,284 |
| Intangible assets | 72,634 | 74,906 |
| Investments and other assets | | |
| Long-term advance payments - trade | 2,560,754 | 1,965,907 |
| Other assets | 152,360 | 208,233 |
| Total investments and other assets | 2,713,114 | 2,174,141 |
| Total non-current assets | 5,248,569 | 5,341,332 |
| Total assets | 27,033,444 | 26,561,589 |
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 5,980,000 | 7,830,000 |
| Contract liabilities | 3,190,172 | 3,214,051 |
| Other current liabilities | 1,333,164 | 1,032,416 |
| Total current liabilities | 10,503,337 | 12,076,467 |
| Non-current liabilities | | |
| Long-term borrowings | 6,538,241 | 6,224,274 |
| Other non-current liabilities | 246,609 | 247,002 |
| Total non-current liabilities | 6,784,851 | 6,471,276 |
| Total liabilities | 17,288,188 | 18,547,744 |

(Unit: Thousands of yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | First quarter of current consolidated fiscal year (As of June 30, 2024) |
|--|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 7,775,500 | 7,778,611 |
| Capital surplus | 7,682,478 | 7,685,589 |
| Retained earnings | (4,982,563) | (6,561,676) |
| Treasury stock | (65) | (65) |
| Total shareholders' equity | 10,475,350 | 8,902,459 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | (731,024) | (889,537) |
| Total accumulated other comprehensive income | (731,024) | (889,537) |
| Stock acquisition rights | 930 | 922 |
| Total net assets | 9,745,256 | 8,013,844 |
| Total liabilities and net assets | 27,033,444 | 26,561,589 |

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income (Loss)
(Quarterly Consolidated Statement of Income (Loss))
(First quarter of the consolidated fiscal year ending March 2025)

(Unit: Thousands of yen)

| | First quarter of the consolidated fiscal year ended March 2024 (April 1, 2023 - June 30, 2023) | First quarter of the consolidated fiscal year ending March 2025(April 1, 2024 - June 30, 2024) |
|--|--|---|
| Net sales | 815,446 | 635,525 |
| Cost of sales | 243,592 | 528,152 |
| Gross profit | 571,854 | 107,373 |
| Selling, general and administrative expenses | 1,681,749 | 2,402,618 |
| Operating income (loss) | (1,109,895) | (2,295,245) |
| Non-operating income | | |
| Interest income | 212 | 15,247 |
| Foreign exchange gains | 288,197 | 858,934 |
| Other | 126 | 29,344 |
| Total non-operating income | 288,536 | 903,526 |
| Non-operating expenses | | |
| Interest expenses | 57,355 | 181,660 |
| Share issuance costs | 22,736 | — |
| Listing expenses | 470,789 | — |
| Other | 3,250 | 2,641 |
| Total non-operating expenses | 554,132 | 184,301 |
| Ordinary loss | (1,375,491) | (1,576,020) |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | — | 923 |
| Total extraordinary losses | — | 923 |
| Income (loss) before income taxes | (1,375,491) | (1,576,944) |
| Income taxes - current | 1,232 | 2,168 |
| Income taxes - deferred | (1,889) | — |
| Total income taxes | (656) | 2,168 |
| Net income (loss) | (1,374,834) | (1,579,112) |
| Net income (loss) attributable to owners of parent | (1,374,834) | (1,579,112) |

(Quarterly Consolidated Statement of Comprehensive Income (Loss))

(First quarter of the consolidated fiscal year ending March 2025)

(Unit: Thousands of yen)

| | First quarter of the previous consolidated fiscal year ended March 2024 (April 1, 2023 - June 30, 2023) | First quarter of the current consolidated fiscal year ending March 2025 (April 1, 2024 - June 30, 2024) |
|--|--|--|
| Net income (Loss) | (1,374,834) | (1,579,112) |
| Other comprehensive income (loss) | | |
| Foreign currency translation adjustment | (166,763) | (158,512) |
| Total other comprehensive income (loss) | (166,763) | (158,512) |
| Comprehensive income (loss) | (1,541,597) | (1,737,624) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | (1,541,597) | (1,737,624) |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

Not applicable.

(Notes to Quarterly Consolidated Balance Sheets)

Financial Covenants

Previous consolidated fiscal year (March 31, 2024)

(1) Of the borrowings at the end of the current consolidated fiscal year, syndicated loan contracts between the Company and several financial institutions contain the following financial covenants.

Contract on July 26, 2022 (balance at the end of the previous consolidated fiscal year: 4,038,241 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(2) Of the borrowings at the end of the current consolidated fiscal year, a special overdraft agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on August 30, 2023 (balance at the end of the previous consolidated fiscal year: 3,000,000 thousand yen)

1) The total amount of net assets in the consolidated balance sheets as of the end of each quarterly consolidated accounting period shall be maintained at a positive value.

2) To maintain the total amount of cash and deposits shown in the consolidated balance sheets as of the end of each quarter at 3 billion yen or more.

(3) Of the borrowings at the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on November 10, 2023 (balance at the end of the current consolidated fiscal year: 2,000,000 thousand yen)

1) The total amount of net assets in the consolidated balance sheets as of the end of each quarterly consolidated accounting period shall be maintained at a positive value.

2) To maintain the total amount of cash and deposits shown in the consolidated balance sheets as of the end of each quarter at 3 billion yen or more.

(4) Of the borrowings at the end of the current consolidated fiscal year, the overdraft agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on January 29, 2024 (balance at the end of the current consolidated fiscal year: 2,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

First Quarter of the Consolidated Fiscal Year Ending March 31, 2025 (June 30, 2024)

(1) Of the borrowings at the end of the current consolidated fiscal year, syndicated loan contracts between the Company and several financial institutions contain the following financial covenants.

Contract on July 26, 2022 (balance at the end of the current consolidated fiscal year: 1,724,274 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(2) Of the borrowings at the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on November 10, 2023 (balance at the end of the current consolidated fiscal year: 2,000,000 thousand yen)

1) The total amount of net assets in the consolidated balance sheets as of the end of each quarterly consolidated accounting period shall be maintained at a positive value.

2) To maintain the total amount of cash and deposits shown in the consolidated balance sheets as of the end of each quarter at 3 billion yen or more.

(3) Of the borrowings at the end of the current consolidated fiscal year, the overdraft agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on January 29, 2024 (balance at the end of the current consolidated fiscal year: 2,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(4) Of the borrowings at the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on April 25, 2024 (balance at the end of the first quarter of the current consolidated fiscal year: 5,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(5) Of the borrowings at the end of the current consolidated fiscal year, loan agreement between the Company and a correspondent bank contains the following financial covenants.

Contract on April 25, 2024 (balance at the end of the first quarter of the current consolidated fiscal year: 2,000,000 thousand yen)

1) The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive.

2) The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current consolidated fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets) for the first quarter of the current consolidated fiscal year is as follows.

| | First quarter of the previous consolidated fiscal year (from April 1, 2023 to June 30, 2023) | First quarter of the consolidated fiscal year (from April 1, 2024 to June 30, 2024) |
|-------------------------------|---|--|
| Depreciation and amortization | 13,720 thousand yen | 25,479 thousand yen |

(Segment Information, etc.)

I First quarter of the previous consolidated fiscal year(from April 1, 2023 to June 30, 2023)

Segment information is omitted as the Group operates a single segment which is the lunar surface development business.

II First quarter of the consolidated fiscal year(from April 1, 2024 to June 30, 2024)

Segment information is omitted as the Group operates a single segment which is the lunar surface development business.

(Significant Subsequent Events)

(A borrowing of large amount of funds)

The Company resolved at a meeting of its Board of Directors held on July 12, 2024 to borrow working capital totaling 10,000 million yen for the development and operation of a lander and rover (including other related expenses) to be used in the Company's payload services, and concluded and executed the following syndicated loan agreement.

| | |
|------------------------|-------------------------------------|
| (1) Arranger and Agent | Sumitomo Mitsui Banking Corporation |
| (2) Borrowing amount | 10,000 million yen |
| (3) Interest rate | Base interest rate + spread |
| (4) Borrowing date | July 31, 2024 |

- | | |
|-------------------------|--|
| (5) Repayment date | October 29, 2027 |
| (6) Collateral | Unsecured and unguaranteed |
| (7) Financial covenants | |
| 1) | The total amount of net assets indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained positive. |
| 2) | The total amount of cash on hand and in banks indicated in the consolidated balance sheet at the end of each consolidated fiscal year should be maintained at 3 billion yen or more. |

In accordance with the above loan agreement, ispace, inc. made a repayment of existing borrowings as follows.

- | | |
|----------------------|--|
| (1) Lender | Sumitomo Mitsui Banking Corporation |
| (2) Borrowing amount | 5,000 million yen |
| (3) Interest rate | Base interest rate + spread consolidated |
| (4) Borrowing date | April 30, 2024 consolidated |
| (5) Repayment date | July 31, 2024 |

3. Others

Significant Events, etc. Going Concern Assumption

The space related business in which the Group is engaged is expected to expand globally at a rapidly accelerating rate, requiring the urgent establishment of necessary technologies to keep up with the trajectory of the industry. As the Group is engaged in developments of space related equipment that require a large amount of upfront research and development investment and a long-term development period, the Company is not generating revenue to compensate for all such development investments, and has recorded continuous operating losses and negative operating cash flow. Therefore, as of the end of the first quarter, there are events or circumstances that could raise significant doubt regarding the ability of the Group to operate as a going concern. The Group will work on the following significant issues until such events or circumstances are resolved and stable business earnings are generated.

However, as the Group is implementing measures to resolve such significant events or circumstances, the Group has determined that there is no significant uncertainty regarding its ability to operate as a going concern.

(1) Promotion of Research and Development

In order to carry out Mission 2 defined as our R&D mission, Mission 3 defined as our first mission to be launched by the U.S. entity, and Mission 6 utilizing a new commercialized model developed by the Japanese entity, the Group will steadily advance the development of lunar landers and rovers by strictly managing development schedule and development costs as well as development quality, while securing launching opportunities by launch service providers.

(2) Customer Development

The landers and rovers required for the Company to achieve business earnings are under development. The global market in which the Company anticipates business earnings is in its pioneer days. The Company has currently confirmed potential orders from customers for Mission 2 and onwards and will continue to cultivate a sustainable customer market over the medium to long term to stabilize business earnings.

(3) Securing Human Resources

The Company is continuously hiring human resources with advanced expertise and capabilities in various development fields in Japan and overseas to pursue research and development of landers and rovers.

Additionally, the Company will continue to engage in preparing an environment that enables each human resource to demonstrate their full abilities in the organization in which the number of employees is rapidly expanding.

(4) Establishing and Appropriately Managing Internal Control Responding to Growth

The Company will continue to establish and appropriately manage internal controls responding to its growth, such as organizing necessary operational processes, financial and accounting structure, labor management, and subsidiary management, for the Group to continuously expand business in the future.

(5) Securing Funds for Achieving Growth over Medium to Long Term

Continuing to achieve missions in the future is essential for the Company to aspire to stable business earnings. It is also

important to consistently secure the necessary funds to do so. The Company has so far procured funds by methods that include unsecured convertible bond, third-party allotment of shares, borrowings from financial institutions, crowdfunding and public offering, and will consider the possibilities of flexible fund procurements to promote the missions in the future.

In addition, the Company is party to an insurance contract with Mitsui Sumitomo Insurance Company, Limited for Mission 1, and as Success 9 and 10 out of the 10 success milestones set for Mission 1 were not achieved, the Company received an insurance payment of 3,793,660 thousand yen on August 18, 2023.

Moreover, in July 2022, the Company concluded a syndicated loan agreement totaling 5 billion yen with Sumitomo Mitsui Banking Corporation as the arranger, Mizuho Bank, The Bank of Mitsubishi UFJ, Ltd. and The Shoko Chukin Bank, Ltd. as co-arrangers and Shizuoka Bank, Ltd. as a participating financial institution. In the fiscal year ending March 31, 2024, the Company has entered into loan agreements totaling 7.5 billion yen with several banks, and in April 2024, it entered into a loan agreement totaling 7 billion yen, including refinancing, with Sumitomo Mitsui Banking Corporation.