



**i s p a c e**

**ispace inc.**

**Transcript of Financial Results Briefing for Fiscal Year Ended March 2024**

**May 15, 2024**

**Takeshi Hakamada:** Hello I am Takeshi Hakamada, Founder and CEO of ispace. Welcome and thank you for taking the time today to attend our financial briefing for the fiscal year ended March 2024.

At the beginning of this presentation, I will once again give a business overview, as this is the first year being listed, followed by the explanation of summary for the fiscal year ended March 2024 and Q4 business highlights. Then, CFO Nozaki will present financial highlights, forecasts for the next fiscal year, and KPI progress.

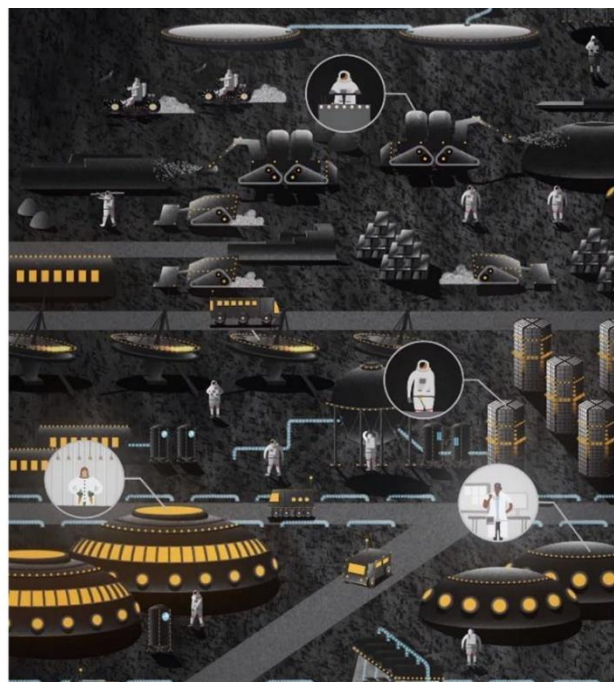
## About ispace (Overview)

Our Vision

### EXPAND OUR PLANET. EXPAND OUR FUTURE.

Creation of a world where the Earth and the Moon are one ecosystem, establishing a new economy on the Moon

- "Moon Valley 2040" is an outlook on the world representing ispace's vision EXPAND OUR PLANET. EXPAND OUR FUTURE
- We envision 1,000 people living on and another 10,000 people visiting the Moon annually by 2040
- Focusing on lunar water resources, we believe infrastructure on the Moon surface will be established with the support of various industries such as construction, manufacturing, energy and telecommunication
- Expanding our living sphere into space, we aim for the integration of the Earth and Moon into one ecosystem as a long-term goal



Expand our planet. Expand our future.

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ispace | 5

**Takeshi Hakamada:** First, let me give our business overview.

Many of you may already know about our company and business. However, since we were listed on the Tokyo Stock Exchange' Growth Market this fiscal year, let me again provide a brief overview of our business for attendees who are not familiar with ispace.

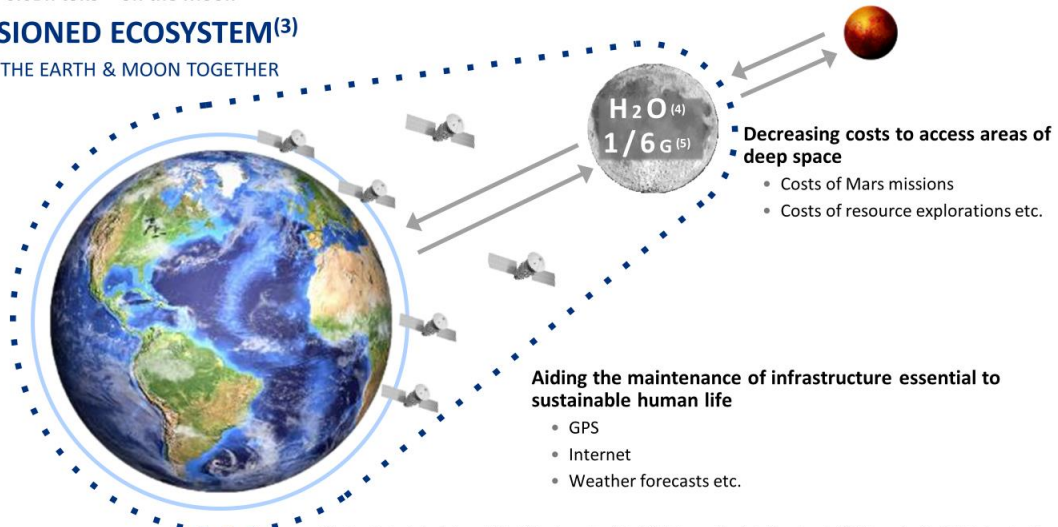
Our vision is to expand our living sphere into outer space and create a world where the Earth and the Moon are one ecosystem. We have a concept called "Moon Valley 2040" to realize this vision. We envision that after 2040 about 1,000 people live and work on the Moon and create an economy, and 10,000 people travel between the Earth and the Moon every year. Our goal is to realize this world.

Why the Moon?

The potential of the Moon as a "fuel supply base" utilizing water (H<sub>2</sub>O) that exists<sup>(1)</sup> in the form of ice with an estimated mass of as much as 6.6Bn tons<sup>(2)</sup> on the Moon

### ENVISIONED ECOSYSTEM<sup>(3)</sup>

BRINGS THE EARTH & MOON TOGETHER



(1) <https://science.nasa.gov/moon/moon-water-and-ices/>  
(2) [https://nssdc.gsfc.nasa.gov/planetary/ice/ice\\_moon.html](https://nssdc.gsfc.nasa.gov/planetary/ice/ice_moon.html)  
(3) The image shown on this slide is for illustrative purposes only

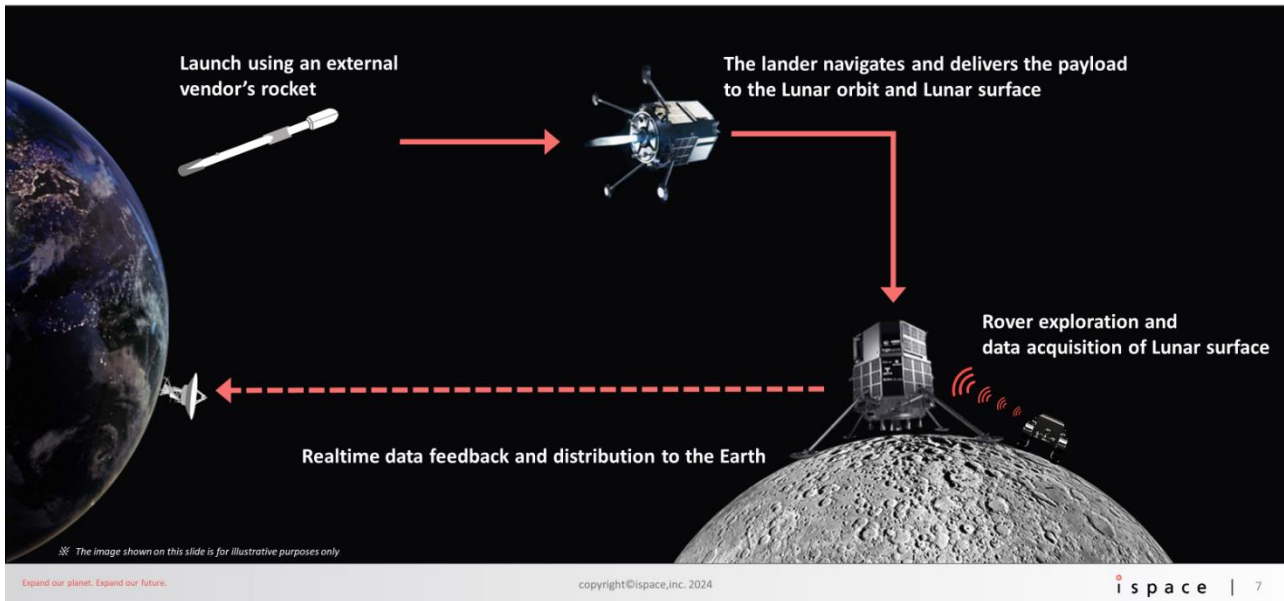
(4) According to studies cited on note(1) and (2), water may be widely distributed across the Moon. We believe that it may be possible to utilize hydrogen and oxygen split through electrolysis of water extracted from regolith as a potential source of fuel for future deep-space exploration  
(5) As the Moon has only 1/6 of the gravity of the Earth, the launch cost from the Moon could theoretically be lower than the launch cost from the Earth

**Takeshi Hakamada:** Why "the Moon" in the first place? It's because there is water on the Moon. The liquid hydrogen and liquid oxygen produced by separating lunar water can be used as propellant for rockets and spacecrafts. Once we can deploy gas stations in space for refueling, we can significantly reduce the cost of space transportation. As a result, we can improve the economic rationale compared to what it is today.

If we can reduce the transportation cost in space, we can access Mars, asteroids, and other areas known as "deep space." This would expand the possibilities for humanity, increasing our activities beyond Earth and benefit, from further acquisition of space resources, for example. At the same time, more importantly, it will also help ensure the sustainability of the Earth itself. We are becoming increasingly dependent on space infrastructure, including GPS, and communications that support modern life on Earth now and in the future. In order to maintain this space infrastructure in an economically reasonable manner, space resource utilization is key. We are going to outer space and the Moon since we want to continue living on the Earth. ispace wants to become a pioneer in building a new society that extends into space.

Business Area


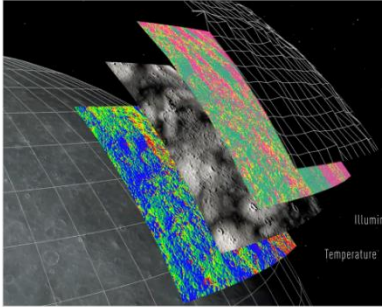

The lander developed by ispace is launched into outer space on an external vendor's rocket. After the lander navigates on its own to the lunar surface, the plan is for the lander and rover to explore and acquire data from lunar surface



**Takeshi Hakamada:** ispace is developing lunar landers and providing services to transport customer cargo (called a payloads) to the Moon. Let me give you a general mission overview. First, the lander will be launched from Earth into space using a commercially available launch service, such as SpaceX. Once launched, the lander is deployed from the rocket and uses its own engines to navigate through space and deliver customer payloads to lunar orbit or to the lunar surface. After landing on the Moon, the lander and lunar rover will acquire lunar surface data and send it back to Earth.

Core Service

**Payload service and Partnership service are the current business pillars of ispace. We plan to establish Data service in the future**

| Payload service  | Data service   | Partnership service  |
|--|--|--|
|   |   |    |
| Transport customers' payload to the Moon. Customers will acquire significant data from payloads by conducting experiments, developing infrastructure, etc. | Customers are expected to acquire significant data from payloads developed by ispace. Access to the database accumulated through high frequency missions will be provided to customers in the future (Net sales have not been recorded yet as of Fiscal Year Ended March 2024) | Supporting customers' marketing efforts through joint campaigns with ispace, like logo placements. Each company collaborates with ispace from technical or business perspectives |

**Takeshi Hakamada:** Our first core service is payload transportation, delivering customers' cargo or payloads, to the Moon. This service charges for customers' payloads at a standard unit price of 1.5M/kg USD.

The second core service is our data service. Customers are able to purchase data that ispace has obtained from our internal payloads. In the future, we plan to conduct high frequency missions, two to three missions per year, to acquire a variety of data sets, and we plan to provide customers access to our database.

The third core service is our partnerships service. We offer a sponsorship program that includes marketing support. As an example, placing sponsor's logos on the ispace landers and rovers. We receive sponsorship fees in exchange for marketing support and technical and business development collaborations with our sponsors to encourage them to participate in the cislunar economy.

We have already recorded revenues of the partnership and payload services, and we further plan to accelerate the payload service revenue going forward. We also plan to expand the data service in the future.

**Achievements**  
In 2022, ispace became the first commercial company to successfully launch a lunar lander.

**December 11, 2022**  
@ Cape Canaveral on SpaceX Falcon 9

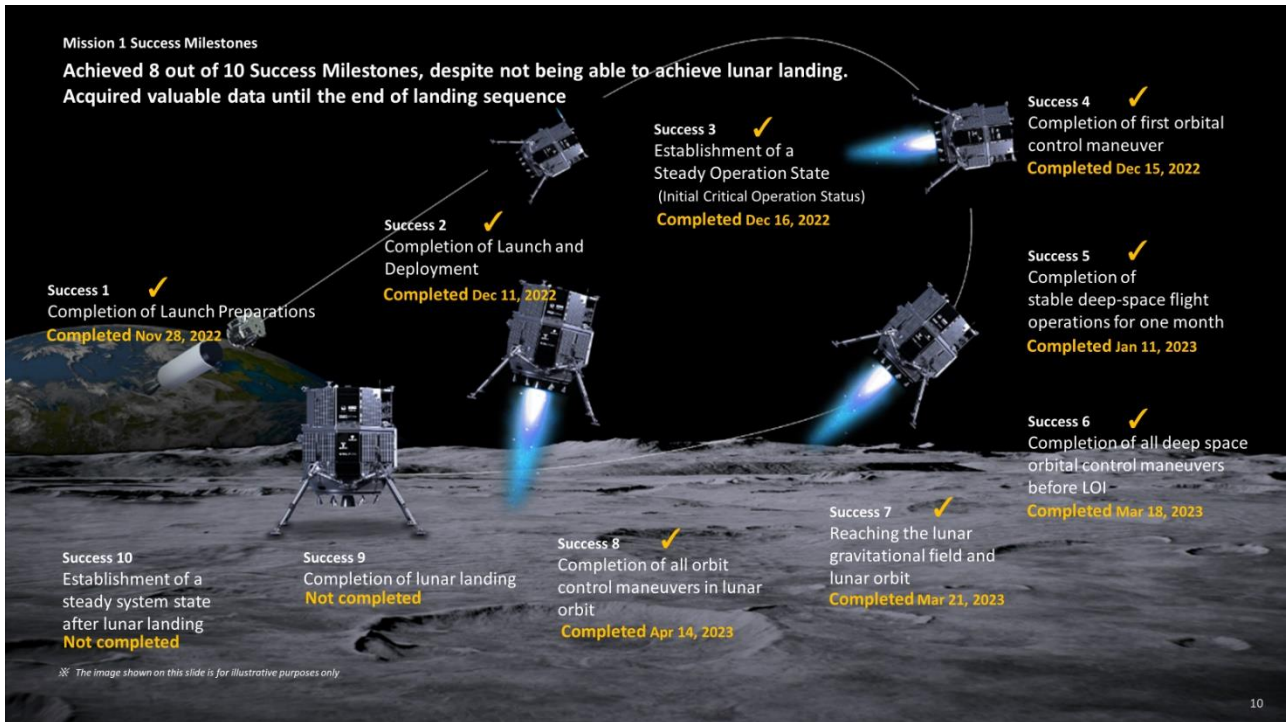
**Our Mission Schedule<sup>(1)</sup>**

|      |        |           |
|------|--------|-----------|
| 2022 | ispace | Mission 1 |
| 2023 |        |           |
| 2024 | ispace | Mission 2 |
| 2025 |        |           |
| 2026 | ispace | Mission 3 |
| 2027 | ispace | Mission 4 |
|      | ispace | Mission 5 |
|      | ispace | Mission 6 |

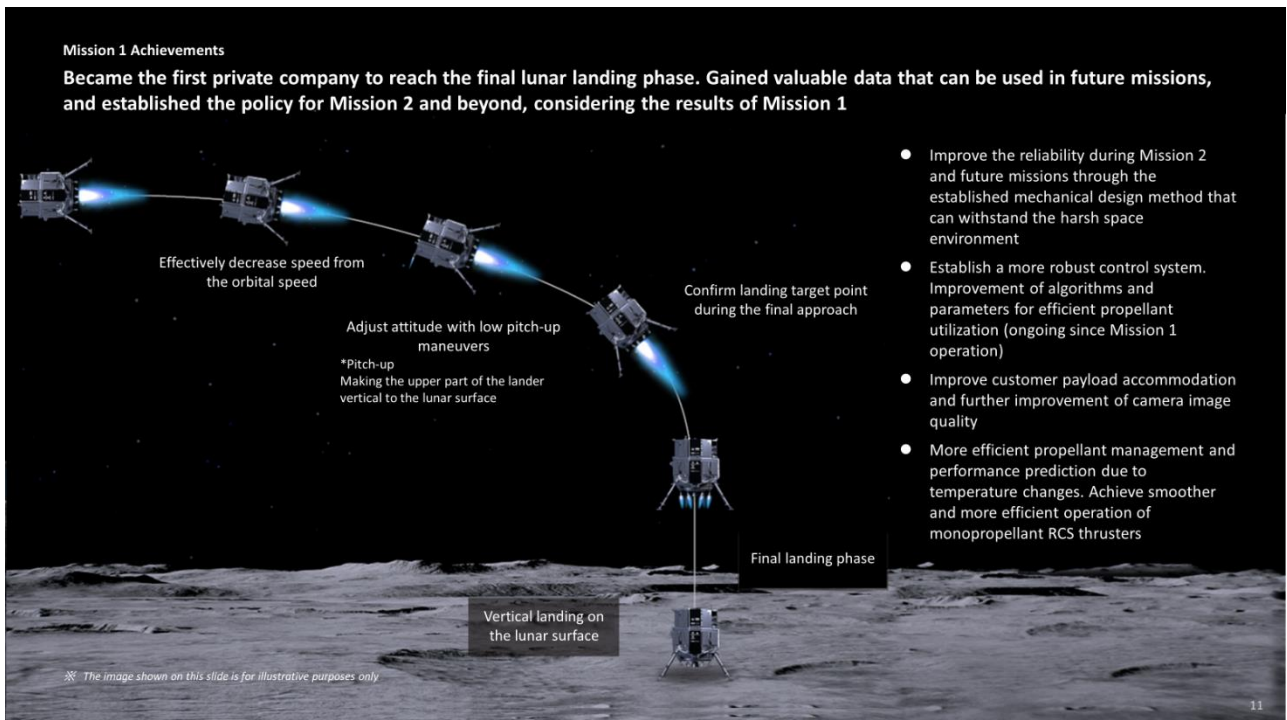
(1) As of May 10, 2024. The missions and schedules, as shown above, are current but subject to change.

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**Takeshi Hakamada:** As we have announced, on December 11, 2022, ispace became the first commercial lunar transportation provider in the world to successfully launch a lunar lander. On April 26, 2023, we attempted to land on the Moon. We are proud to be in a leading position, driving the industry globally.



**Takeshi Hakamada:** About 4 months after the launch on December 11, 2022, our lander reached and was inserted into lunar orbit. After approximately one month of lunar orbiting, the lander attempted to land on the Moon's surface on April 26, 2023 (Japan Standard time). As the slide shows, we defined our mission, broken down into a total of 10 Success Milestones, of which we achieved through Success 8, the completion of an orbit control maneuver in lunar orbit.



**Takeshi Hakamada:** Although we were not able to successfully complete Success 9, the landing on the Moon, we were the first private company to keep the lander in a vertical position and reach the final landing phase. As we have previously announced, the reason for the incompleteness was not a hardware issue, but an issue in the altitude recognition of our lander software, which has already been remedied for Mission 2. This is an example of how the experience gained through Mission 1 can be promptly utilized for Mission 2 and other future missions and results in speeding up the cycle of technology maturity.

## FY2024/3 Summary and Q4 Business Highlights

**Takeshi Hakamada:** Next, we will move on to overall summary for fiscal year ended March 2024 and Q4 business highlights.

### FY2024/3 Summary and Q4 Business Highlights

|                             |   |
|-----------------------------|---|
| <b>Business Environment</b> | <ul style="list-style-type: none"> <li>The lunar industry has rapidly grown as various companies and institutions including ispace (Japan), ISRO (India), CNSA (China), JAXA (Japan), Astrobotic Technology (U.S.), and Intuitive Machines (U.S.) etc. consecutively carried out lunar landing missions.</li> <li>The SBIR grant, a Japanese government program, and the establishment of JAXA's Space Strategy Fund, have been officially confirmed, which will further encourage private sector to lead space and lunar projects.</li> <li>The Japan-U.S. agreement on the "Artemis program" made in April 2024 created a positive business environment to work with and contribute to the governments of various countries</li> </ul>  |
| <b>Our Development</b>      | <ul style="list-style-type: none"> <li>Although our Mission 1, the world's first commercial lunar mission, did not achieve a final lunar landing, it demonstrated that the RESILIENCE lander hardware worked appropriately. Valuable flight data including the landing phase was acquired, which was one of the main accomplishments of Mission 1 as an R&amp;D mission.</li> <li>The first mission demonstrated a sustainable business model with high-frequency missions as we consecutively developed Mission 2, scheduled to launch in Winter 2024, Mission 3, scheduled to launch in 2026, and Mission 6, scheduled to launch in 2027.</li> <li>We expanded our presence in the U.S. market by strengthening our development and business structure in the U.S. entity, resulting in a global headcount that is around 300<sup>(1)</sup>.</li> </ul> |
| <b>Our Business</b>         | <ul style="list-style-type: none"> <li>We accelerated global business collaboration to realize our vision, the cislunar economy, by signing MOUs with mu Space (Thailand), Orbit Fab (U.S.), Skyroot (India), HEX20 (Australia), and the University of Leicester (U.K.).</li> <li>We entered into PSAs targeted for Mission 3 with RSA (US) and CDS (Romania). Although overall sales progress has been relatively slow, demand from potential customers has been confirmed and we will continue to increase sales activities.</li> </ul>   |
| <b>Our Financials</b>       | <ul style="list-style-type: none"> <li>Increased loans from various financial institutions after listed on the Growth Market of Tokyo Stock Exchange in April 2023</li> <li>Raised approx. ¥8.4Bn through an international offering in March 2024 in order to secure development funds for Mission 3 as well as to maintain financial stability. Raised approx. ¥22.4Bn<sup>(2)</sup> last fiscal year by equity issues and bank loans</li> </ul>   |

(1) As of March 31, 2024. The headcounts include full-time employees (excluding employees transferred from our group to outside the group and including employees transferred from outside the group to our group), temporary employees (including part-timers), employees dispatched by personnel agencies, and seasonal workers, directors, and auditors.

(2) Total amount during April 1, 2023 to March 31, 2024

**Takeshi Hakamada:** Here is the summary and business highlights.

First, allow me to describe the business environment, we witnessed rapid growth in the lunar industry. Even after Mission 1, various companies and institutions including the Indian Space Research Organization, China National Space Administration, JAXA, American private companies such as Astrobotic Technology and Intuitive Machines, etc. carried out lunar landing missions. Based on this, we believe that lunar development has entered an industrialization phase. Particularly in Japan, we saw the government establish grants under the SBIR program for space companies including ispace, and the establishment of JAXA's Space Strategy Fund. We believe that they will further encourage private sector to lead space and lunar projects. We also believe that the Japan-U.S. agreement on the "Artemis program" made in April 2024 created a quite positive business environment for us to work with and contribute to the governments of various countries.

Under these circumstances, development of our lunar landers has progressed smoothly. First, although our Mission 1, the world's first commercial lunar mission, did not achieve a final lunar landing, it demonstrated that the RESILIENCE lander hardware worked properly. Also, through this mission, valuable flight data including the landing phase was acquired, which was one of the primary accomplishments of Mission 1 as an R&D mission. The first mission also demonstrated a sustainable business model with high-frequency missions as we simultaneously developed consecutive missions including Mission 2, scheduled to launch in Winter 2024, Mission 3, scheduled to launch in 2026, and Mission 6, scheduled to launch in 2027. In the United States, we expanded our presence in the domestic market by strengthening our development and business structure through our U.S. entity, resulting in a global headcount that is around 300.

As for our business side, we accelerated global business collaboration to realize our vision of the cislunar economy. We signed MOUs with multiple global companies and a university including mu Space in Thailand, Orbit Fab in the U.S., Skyroot in India, HEX20 in Australia, and the University of Leicester in the U.K. We are also going to enter into PSAs targeted for Mission 3, with Romanian private company, CDS, as we announced today, in addition to an agreement with an American company, RSA which has received NASA funding. Although overall sales progress has been relatively slow, demand from potential customers is clear and confirmed and we will continue to increase sales activities.

Finally, as for our financial position, we increased loans from various financial institutions after being publicly listed on the Growth Market of Tokyo Stock Exchange in April 2023. In March 2024, we raised approx. 8.4 billion yen through an international offering in order to secure development funds for Mission 3 as well as to maintain financial stability. In total, we raised approx. 22.4 billion yen by equity issues and bank loans during the previous fiscal year.

That is a summary of the fiscal year ended March 2024. Now, let me explain details about each update during Q4.

**Japan's role in the "Artemis program" was officially confirmed, which will further strengthen Japan-U.S. space cooperation**



- During Prime Minister Kishida's visit to the U.S, the governments of the U.S. and Japan signed the “Lunar Surface Exploration Implementing Arrangement”<sup>(1)</sup> on April 10, 2024
- Japan's main involvement in the Artemis program was stipulated in the agreement:
  - Two Japanese astronauts to land and carry out activities on the lunar surface (First non-American astronauts to be selected to land on the Moon in the program)
  - Japan to design, develop, and operate a pressurized rover (the launch is scheduled in 2031)
- ispace group will also continue leading the development of the cislunar economy by supporting Japan and U.S. space policies and industries and contributing to the establishment of long-term human presence on the Moon including the Artemis program

(1) <https://humans-in-space.jaxa.jp/en/news/detail/003924.html>

Upper left: Signing ceremony (Credit: JAXA)

Bottom left: (L) Ron Garan, CEO of ispace-U.S. and (R) Takeshi Hakamada, Founder and CEO of ispace, inc.

**Takeshi Hakamada:** First, our business environment.

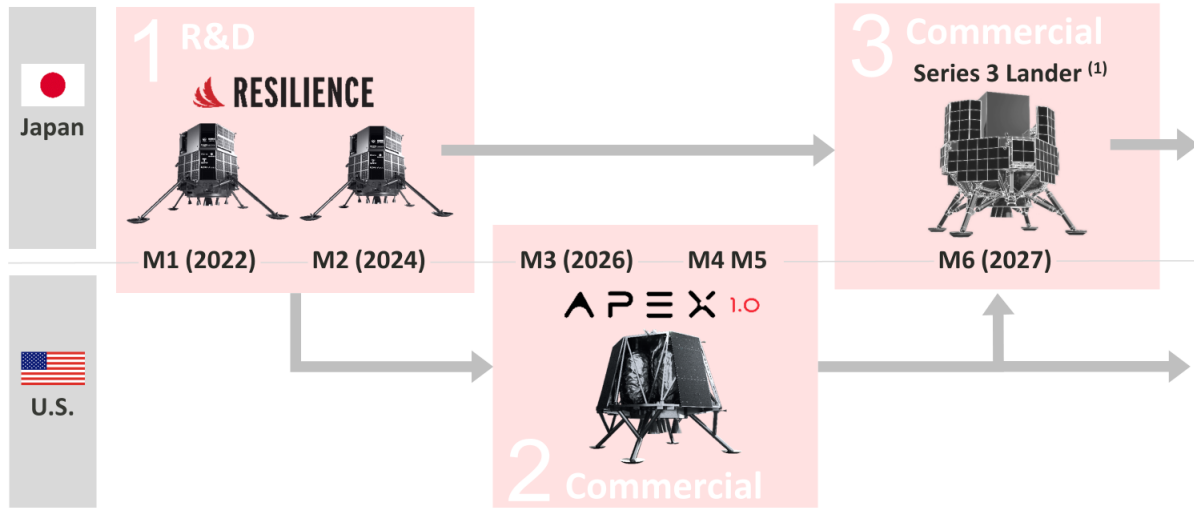
In April this year, the U.S. and Japanese governments signed the “Lunar Surface Exploration Implementing Arrangement” during Prime Minister Kishida’s visit to the U.S. With this event, Japan’s role in the Artemis program was officially confirmed; The agreement has two parts, First: two Japanese astronauts will participate in Artemis missions including landing and carrying out activities on the lunar surface, and Second: Japan will provide a pressurized lunar rover, which is under development by JAXA and TOYOTA, to transport humans on the Moon. This will be the first time that non-American astronauts have been selected for a manned lunar mission. The pressurized rover is scheduled to launch in 2031.

We believe through this ground-breaking agreement that the cooperation between U.S. and Japan in lunar exploration missions has been significantly strengthened.

In order to steadily execute the Artemis program, a number of scientific exploration and technology demonstration missions using small landers will most likely be required. And once manned missions begin, supplementary missions using small landers will also be necessary. ispace group will continue leading the development of the cislunar economy by supporting U.S. and Japan space policies and industries. Through our efforts, we will be contributing to the establishment of long-term human presence on the Moon including the Artemis program.

Our Future Mission Plan

Currently developing three landers simultaneously: in Japan for Mission 2 (scheduled launch in 2024) and Mission 6 (scheduled launch in 2027) and in the U.S. for Mission 3 (scheduled launch in 2026)



⚠ The image shown on this slide is for illustrative purposes only  
⚠ The missions and schedules, as shown above, are current but may be subject to change

(1) Tentative name. This shows an image as the design of Series 3 Lander has not been finalized yet

**Takeshi Hakamada:** With the growing interest in the lunar industry, we have been developing three landers in parallel at both our Japan and U.S. entities. As shown in the upper row, the RESILIENCE Lander for use in Mission 2 and the tentatively named Series 3 Lander for planned use in Mission 6, under Japan’s SBIR program, is being developed in Japan. On the other hand, our U.S. entity is working on the development of the APEX 1.0 Lander for use in Mission 3.

Now I’d like to move on to each mission progress.

Mission Progress | Mission 2

Payloads to be transported are now integrated into RESILIENCE lander for launch in Winter 2024

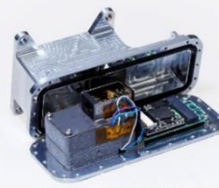
# Mission 2

## Winter 2024



Deep space radiation probe  
(National Central University, Taiwan)

- Mounted on: Top Plate
- Date: **Completed in 2024/1**



Self-contained module for food production experiments  
(Euglena)

- Mounted on: Top Plate
- Date: **Completed in 2024/4**

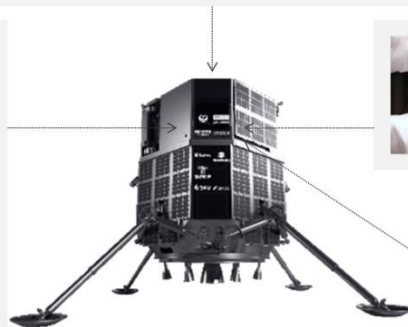
Credit: Euglena Co. / FOODSPHERE



Credit: Takasago Thermal Engineering

Water electrolyzer equipment  
(Takasago Thermal Engineering)

- Mounted on: Payload Bay
- Date: **Completed in 2024/3**



“Space Century Charter” plate  
(Bandai Namco Research Institute)

- Mounted on: Payload Bay
- Date: **Completed 2024/2**



Micro Rover (ispace)

- Mounted on: Payload Bay
- Date: **Summer 2024<sup>(1)</sup>**

(1) As of May 10, 2024. The schedule, as shown above, are current but may be subject to change

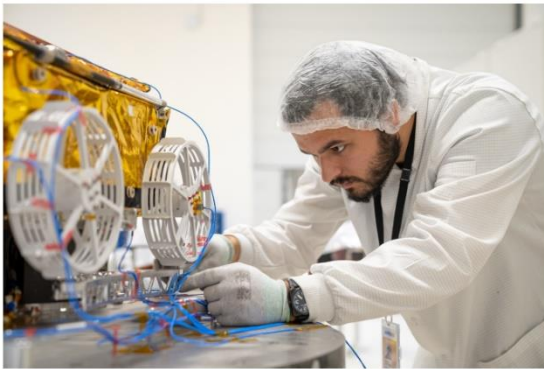
**Takeshi Hakamada:** First, let me discuss Mission 2.

As we have stated, we will use the same lander model as Mission 1, now named the RESILIENCE lander, for Mission 2. The assembly of the lander is ongoing as we speak and is expected to be completed very soon. All payloads, from National Central University, Taiwan, Euglena, Takasago, and Namco Bandai, which will be transported through our Mission 2, have already been integrated into the lander. As for the flight model of the micro rover developed by our European entity, it is scheduled to be integrated this summer.

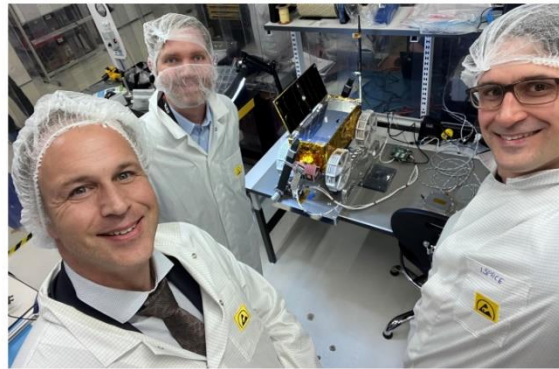
Mission Progress | Mission 2

Engineering model<sup>(1)</sup> of Micro Rover completed all environmental testing and scheduled to be mounted on RESILIENCE lander in summer 2024<sup>(2)</sup>.

Mission2  
Winter 2024



An engineer in EU entity prepares the micro rover for environmental testing.



(L) Daniel Neuenschwander, ESA Director of Human and Robotic Exploration and (R) Julien Lamamy, CEO of ispace-EUROPE with the Micro Rover center

- Engineering model<sup>(1)</sup> of the Micro Rover completed all environmental testing during the visit of European Space Agency (ESA) at EU entity
- ispace-Europe will perform the build and test of the flight model<sup>(3)</sup> which is scheduled to be mounted onto the lander in the summer of 2024<sup>(2)</sup>

(1) A Model developed based on the basic design

(2) As of May 10, 2024. The above is the mission and schedule as currently envisioned and is subject to change

(3) An actual launch model

**Takeshi Hakamada:** Regarding the micro-rover, our European entity has been working on the development of the engineering model of the micro rover since the design was revealed last November, and all environmental testing was successfully completed this April. The testing was conducted during a visit by Mr. Daniel Neuenschwander, Director of Human and Robotic Exploration of the European Space Agency (ESA). We received very positive comments from him as he said, "ESA very much looks forward to this new piece of European engineering to potentially add to our international lunar exploration effort". The "flight model", the actual launch model, will be assembled and shipped to Japan sometime this summer to be integrated into the RESILIENCE lander.

Entered into new PSA<sup>(1)</sup> with a private Romanian company as well as a contract with a private U.S. company for the design and manufacture of microsatellite buses

# Mission 3

2026

## New Mission 3 PSA<sup>(1)</sup> with CDS



From left to right: ispace EU CEO Julien-Alexandre Lamamy, Control Data Systems SRL Founder and CEO Ovidiu Ratiu, ispace Founder and CEO Takeshi Hakamada

- New PSA<sup>(1)</sup> with Control Data Systems SRL (CDS) located in Romania (expected to be Romania's first lunar mission)
- With support from ESA, CDS has developed precise location measurement technology for space applications and aims to demonstrate the technology through our Mission 3

## Contract with RTX's Blue Canyon Technologies



From left to right: ispace U.S. Director of Business Development Bob Cohn, EVP of Engineering Ryan Whitley, CEO Ron Garan, Blue Canyon GM Chris Winslett, M3 Program Manager Kyle Wedmark

- As part of NASA CLPS program<sup>(2)</sup>, Mission 3 is planned to land near the south pole on far side of the Moon and two relay satellites will be used to establish communications to and from the Earth
- Signed a contract with Blue Canyon Technologies for the design and manufacture of these microsatellites buses

<sup>(1)</sup> Payload Service Agreement (PSA): Payload Service Agreement

<sup>(2)</sup> NASA Commercial Lunar Payload Services Program: NASA's service program to contract out the transportation of payloads to the Moon to private companies for a fee.

**Takeshi Hakamada:** Now let's move on to Mission 3. For this mission, we have entered into contracts with various global companies.

As for sales progress, just today, we disclosed a new PSA with CDS, a private Romanian company. CDS will be the third customer in our Mission 3 in addition to NASA and the U.S. private company RSA. CDS has been supported by the European Space Agency (ESA) to develop precise location measurement technology for space applications. CDS aims to demonstrate the technology during mission 3, and importantly this will be Romania's first lunar mission.

As for development progress, we have entered into a contract with RTX's Blue Canyon Technologies for the design and manufacture of microsatellites buses to be deployed and used during the mission. The satellite relay is required as the lander is planned to touch down near the south pole on far side of the Moon as part of the NASA CLPS program. Due to the landing on far side of the Moon, direct communication between the Earth and the lander is not possible. Therefore, two relay satellites will be used to establish communications to and from the Earth, which will play an important role in Mission 3 and beyond.

**Announced official launch of data relay service enabled by two relay satellites**

# Mission 3

2026



A computer-generated image of the ispace-U.S. relay satellites

**Plan to provide Data Service in Mission 3 and beyond**

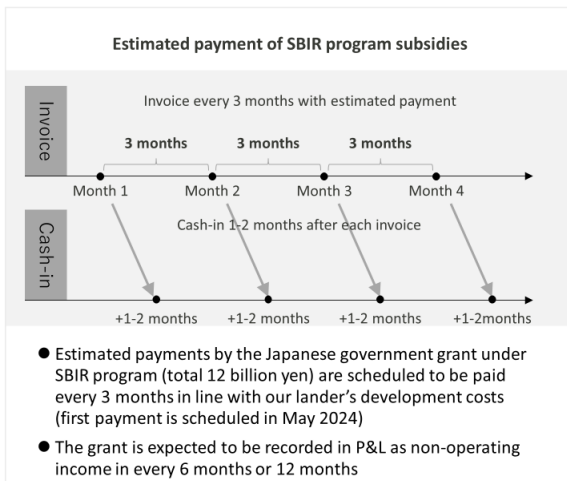
- The satellites will circularize into a High Circular Polar Orbit starting with near-global coverage with linger points at the polar regions
- The satellites are expected to offer more than 70% simultaneous visibility of the lunar surface and the Earth, providing potential data service users with a significant opportunity to utilize such data
- US entity is engaging in conversations with potential customers for the data service as the satellites are expected to stay in orbit for several years and operate beyond our Mission 3

**Takeshi Hakamada:** As I mentioned, the two relay satellites will be deployed in lunar orbit prior to arrival on the Moon. Furthermore, the satellites will remain in lunar orbit for several years even after Mission 3 is completed. The satellites are expected to offer more than 70% simultaneous visibility of the lunar surface and the Earth, providing potential data service users with a significant opportunity to utilize such data. Our U.S. entity is now engaging in conversations with potential customers for the data service for Mission 3 and beyond.

**SBIR<sup>(1)</sup> program grant to cover part of lander development costs, credited from May 2024.  
University of Leicester and ispace agreed to joint research on lunar night survival on Mission 6**

# Mission 6

2027



**Started joint research to survive lunar nights with the University of Leicester in the U.K.**

- The temperature can fall to minus 170 degrees Celsius during the two-week lunar nights. To realize long-term missions, a system to survive the cryogenic environment of lunar night is essential
- Signed Advisory Agreement with the University of Leicester, supported by UK Space Agency, to conduct joint research to survive lunar nights on Mission 6

(1) We were selected to receive the SBIR (Small Business Innovation Research) grant by the Ministry of Economy, Trade and Industry. Under the terms of the grant, we will be expected to design, manufacture and assemble a lunar lander with the capability of transporting a minimum payload of 100 kg to the Moon’s surface, and then launch and operate the lander by 2027

**Takeshi Hakamada:** Now on to Mission 6, which falls under Japan’s SBIR grant.

The estimated payments by the Japanese government are expected to be paid every quarter starting in May or June of this year, in accordance with the lander development costs, as previously reported. As a result of discussions with our auditing firm, it has been determined that the grant is recorded as non-operating income on the P&L after interim inspections.

In addition for this mission, mid- to long-term advanced research and development has also begun, involving joint research on lunar night survival with the University of Leicester in the U.K. The temperature of lunar surface at night, which comes in cycles of about two weeks, can fall to minus 170 Celsius degrees. In order to realize long-term missions and to build competitive advantage, it is essential to have a system to survive the cryogenic environment of lunar night. We recently saw this reported with JAXA's SLIM lander successfully surviving three lunar nights. The University of Leicester has been supported by the UK Space Agency and conducts research and development on lunar night survival technologies. In order to realize long-term missions, we will provide our technical expertise in lunar exploration to the University of Leicester, and we will jointly conduct research on lunar night survival.

Business Progress (Sales) | Future Mission and Strategy for Business Growth

In addition to the Advisory Agreement targeted for Mission 6, an interim PSA<sup>(1)</sup> was signed with the University of Leicester

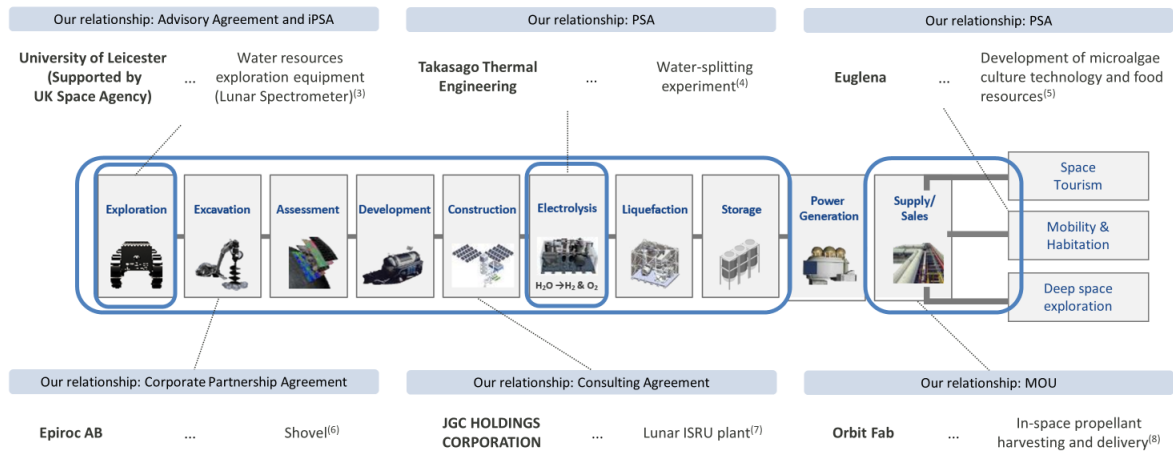


(1) Interim Payload Service Agreement (Mid-Contract on Payload) : Documents that serve as a prerequisite when negotiating to enter into a PSA which is a final agreement.

(2) <https://www.gov.uk/government/news/new-funding-ensures-uk-role-in-global-exploration-to-the-moon-mars-and-venus>

**Takeshi Hakamada:** In addition to the advisory agreement with the University of Leicester on the joint research, an interim PSA was also signed. University of Leicester has also developed a lunar spectrometer with support from the UK Space Agency. The spectrometer will be transported to the lunar surface on our Mission 4 to characterize regolith which may contain water resources.

**Various industry players in the hydrogen value chain<sup>(1)</sup> are entering the cislunar ecosystem<sup>(2)</sup> which is expected to further expand**



(1) These are just images and the above companies have not yet shown a specific commitment to create a hydrogen value chain  
 (2) Cislunar refers to the space between the Earth and the Moon, and our vision is to create an energy economic where the Earth and the Moon become one ecosystem by 2040.  
 (3) <https://www.gov.uk/government/news/new-funding-ensures-uk-role-in-global-exploration-to-the-moon-mars-and-venus>  
 (4) <https://ispace-inc.com/news-en/?p=2609>  
 (5) <https://www.euglena.jp/en/news/20200422-1/>  
 (6) <https://ispace-inc.com/news-en/?p=4954>  
 (7) <https://www.jgc.com/en/news/2023/20231206.html>  
 (8) <https://ispace-inc.com/news-en/?p=5037>

**Takeshi Hakamada:** As this slide shows, we have been working with companies and institutions in various industries. What these companies and institutions have in common is that they are parts of the hydrogen value chain and have initiated the cislunar ecosystem.

As explained at the beginning, ispace has a concept "Moon Valley 2040," and we believe that liquid hydrogen and oxygen produced from lunar water resources can be used as propulsion fuel in space and this is the key to establishing an energy economic between the Moon and the Earth, called cislunar ecosystem. The amount of water on the Moon is estimated to be 6.6 billion tons, and the value of the propellant produced from this water resource is estimated to be 2.4 billion USD per year. Many companies and universities have already begun to enter the hydrogen value chain, seeing potential business opportunities for energy produced from lunar water resources. ispace has already signed contracts with several of these companies for payload transportation and consulting for future missions, which makes us a frontrunner to realize the establishment of the hydrogen value chain.

This concludes my overall updates on our business progress. Now, I'd like to turn the mic over to CFO Nozaki, who will explain the financial highlights.

**Raised approx. 8.36 Billion yen Through International Offering in March 2024**

**Total Paid Amount**  
(before deducting estimated offering expenses)

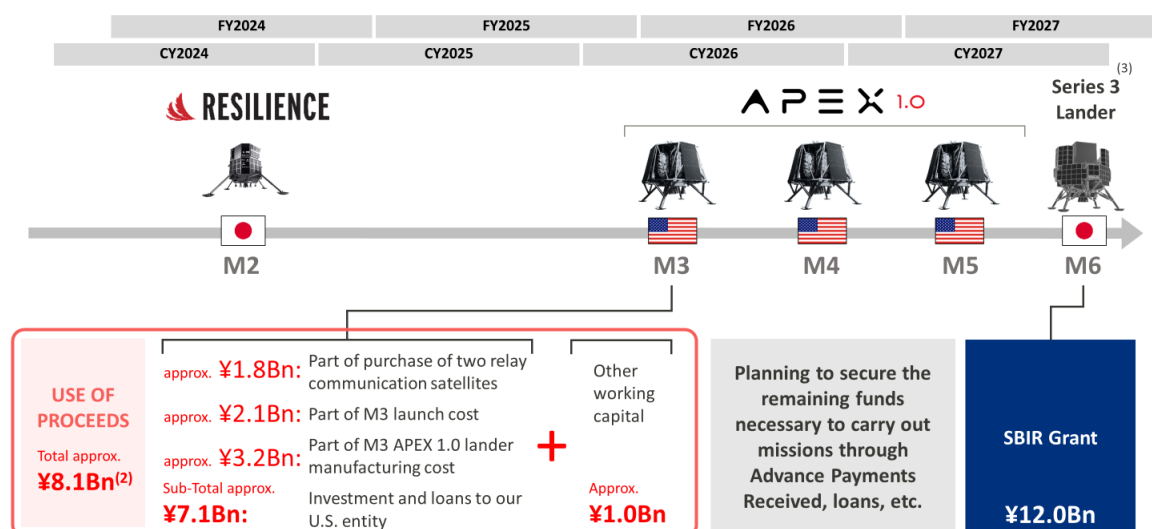
Approx.  
¥8.36Bn <sup>(1)</sup>

|   |   |
|---|---|
| <b>Class of Shares Offered</b>          | Common stock of ispace                            |
| <b>Format of Offering</b>               | International offering (Rule 144A / Regulation S) |
| <b>Offering Size</b>                    | 10,250,000 shares newly issued                    |
| <b>Launch Date</b>                      | Wednesday, March 13, 2024                         |
| <b>Pricing Date</b>                     | Monday, March 25, 2024                            |
| <b>Issue Price (Offer Price)</b>        | 871 yen per share                                 |
| <b>Payment Date</b>                     | Thursday, March 28, 2024                          |
| <b>Settlement Date</b>                  | Friday, March 29, 2024                            |
| <b>Sole Bookrunner and Lead Manager</b> | SMBC Nikko Capital Markets Limited                |

(1) The figure is rounded to the nearest unit. The exact amount is 8,357,747,500 yen

**Jumpei Nozaki:** Hello, I am Jumpei Nozaki, CFO of ispace. Let me explain the recent financial activities. In March 2024, we raised funds through an international equity offering. The final issue price was 871 yen per share, and the offering size was 10.25 million shares, which is equivalent to approx. 12.4% of our original issued shares. The offering resulted in raising approx. 8.36 billion yen.

The raised funds are intended to be used primarily for Mission 3 (2026<sup>(1)</sup>) to ensure the development and execution of the mission. Mission 3 development will accelerate the technological quality improvement cycle for future missions



(1) The mission and schedule, as shown above, are current but subject to change

(2) The estimated net proceeds of approximately 8,076 million yen and the figures above are rounded to the nearest unit

(3) Tentative name. The image of Series 3 Lander used in this presentation is for illustrative purposes only as the lander design has not yet been finalized.

**Jumpei Nozaki:** The raised funds are intended to be used primarily for development costs of Mission 3, planned to be launched in 2026. The majority of the total raised amount, which is approx. 7.1 billion yen will

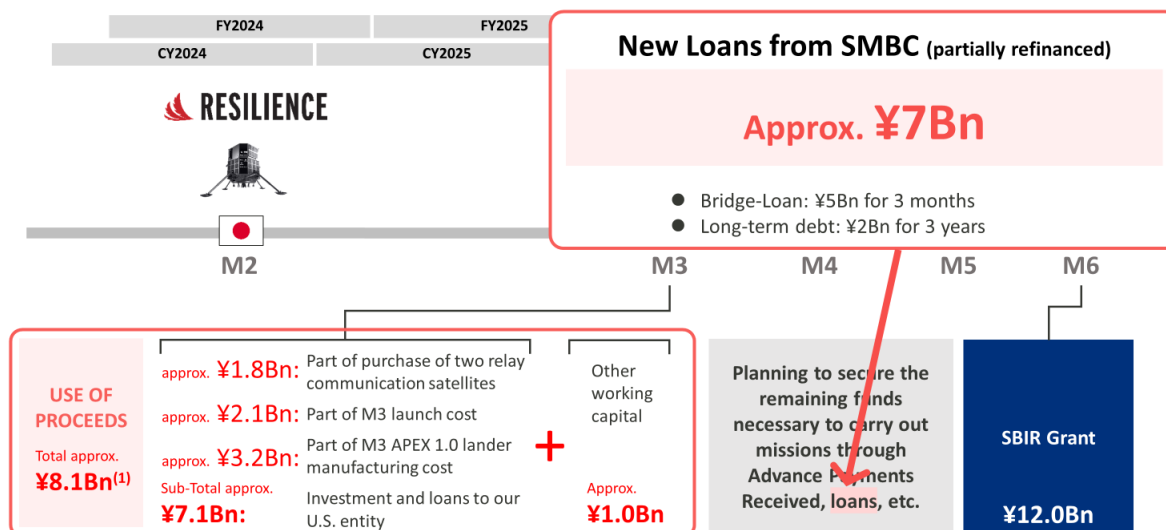
be used for Mission 3 to purchase relay satellites and launch service (which is a Space X rocket) as well as to develop and manufacture the APEX 1.0 lander.

We are currently developing three landers in parallel in Japan and the U.S., and expect to record a net loss due to large R&D costs for the development of the landers. Therefore, we concluded that it is crucial for us to maintain an equity buffer to improve our financial health, which led to this offering.

We believe that the fundraising through this offering will serve as an important bridge from the current Mission 2 to Mission 3 in the U.S. and to Mission 6 in Japan, where most of the development costs are covered by the 12 billion yen grant under the Japanese government's SBIR program.

Business Progress (Financials) | Use of proceeds raised by the Offering (Reiteration)

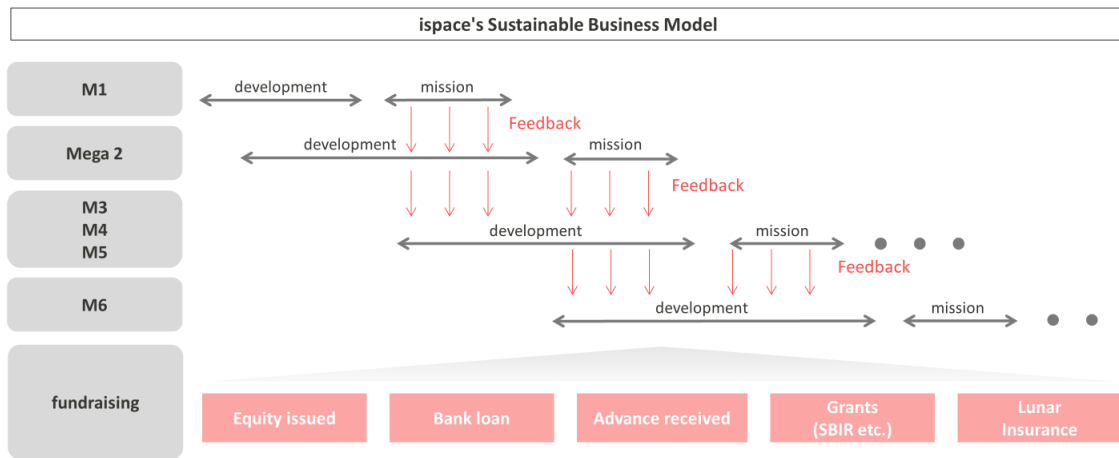
¥7Bn (including partial refinancing) new loans from Sumitomo Mitsui Banking Corporation at the end of April 2024. The total amount raised including the overseas offering is approx. ¥15.1Bn



(1) The estimated net proceeds of approximately 8,076 million yen and the figures above are rounded to the nearest unit

**Jumpei Nozaki:** Also, in order to secure such bridge of funds to establish med- to long-term growth, we have newly borrowed 7 billion yen, including partial refinancing, from Sumitomo Mitsui Banking Corporation in April this year. The total amount of funds raised through the international equity offering conducted in March and this new loan is approx. 15.1 billion yen.

Our business model involves multiple missions, developed in parallel; feedback from the preceding mission is transferred to the subsequent mission in a timely and appropriate manner to enhance the maturity of the technology. It is essential to build a strong financial foundation to support multiple missions at once.



**Jumpei Nozaki:** As we repeatedly mention, developing multiple missions simultaneously is a key element of our business model. In that way, the knowledge and experience gained from each mission can be quickly applied and fed-back into the development of subsequent missions. We believe that this early feedback cycle is one of our strengths as a private company, which could not necessarily be realized in the traditional space development models. And we also believe that it is essential to generate technological innovation in the space industry.

However, in order to achieve this, it is crucial to secure sufficient funds to support multiple missions and to have a strong financial foundation. Therefore, as you can see on this slide, we aim to build a strong financial foundation by using various fundraising methods. The recent equity issue and the additional loans are exactly parts of this process.

## Financial Results for Fiscal Year Ended March 2024

**Jumpei Nozaki:** Now let me touch on the financial highlights for the fiscal year ended March 2024. First, the full-year results for the fiscal year ended March 2024.

Profit and Loss Statement

Net sales for Fiscal Year Ended March 31, 2024, were generally in line with forecasts, while net loss narrowed significantly

| (Millions of yen)        | FY2024/3          | FY2024/3                          |         | FY2023/3          |         |
|--------------------------|-------------------|-----------------------------------|---------|-------------------|---------|
|                          | Full year results | Full year forecast <sup>(2)</sup> | %Change | Full year results | %Change |
| Net Sales <sup>(1)</sup> | 2,357             | 2,370                             | -0.5%   | 989               | +138.3% |
| Gross Profit             | 928               | 1,023                             | -9.3%   | 552               | +68.1%  |
| Gross Profit Margin      | 39.4%             | 43.2%                             | -       | 55.9%             | -       |
| SG&A                     | 6,429             | 6,929                             | -7.2%   | 11,576            | -44.5%  |
| Operating Profit/Loss    | -5,501            | -5,906                            | -       | -11,023           | -       |
| Ordinary Profit/Loss     | -6,097            | -7,144                            | -       | -11,378           | -       |
| Net Profit/Loss          | -2,366            | -3,348                            | -       | -11,398           | -       |

point

- **Net Sales:**  
Net sales for Fiscal Year Ended March 2024 were overall in line with the forecast announced on February 13, 2024. Temporary increase in net sales along with the completion of Mission 1 was recorded in Q1, while Q2-Q4 net sales were mainly from Mission 3
- **Operating Profit/Loss:**  
Operating loss decreased slightly due to a decrease in SG&A compared to the forecast
- **Net Profit/Loss:**  
Net loss significantly decreased compared to the forecast mainly due to a record of foreign exchange gain of approx. ¥737MM in Q4 as well as the decrease in SG&A mentioned above

(1) Currently using the cost recovery method for sales recognition for Mission 1 to Mission 3, respectively, and expects sales to increase(2) in tandem with the increase in cost accruals since the cost accruals as cost are recognized in sales. If sales in excess of cost accruals are not booked at the time of mission completion, they will be accounted for in a lump-sum transaction. Disclosed at February 13, 2024

**Jumpei Nozaki:** Net sales for the fiscal year ended March 2024 was approx. 2.3 billion yen, generally in line with the forecast announced in February. The one-time sales of 575 million yen along with the completion of Mission 1 was recorded in Q1, while Q2 to Q4 net sales were mainly from Mission 3.

The operating loss slightly decreased to approx. 5.5 billion yen due to a decrease in SG&A compared to the forecast.

The net loss significantly decreased to approx. 2.3 billion yen compared to the forecast, due to the decrease in SG&A and a foreign exchange gain of approx. 737 million yen.

**SG&A decreased from the previous fiscal year due to a decline in R&D costs**

| (Millions of yen)    | FY2024/3          | FY2023/3          |         |
|----------------------|-------------------|-------------------|---------|
|                      | Full year results | Full year results | %Change |
| R&D                  | 3,834             | 9,233             | -58.5%  |
| Salary and Allowance | 997               | 700               | +42.4%  |
| Other                | 1,598             | 1,642             | -2.7%   |
| Total                | 6,429             | 11,576            | -44.5%  |

**point**● **R&D:**

In Fiscal Year Ended March 2023, costs related to Mission 1 and Mission 2, which are defined as R&D missions, were mainly recorded in R&D. Especially Mission 1 launch costs were recorded as one-time costs

In Fiscal Year Ended March 2024, partial costs related to Mission 3, which is defined as a commercial mission developed in US entity, were recorded in R&D as well as Mission 2 related costs

● **Salary and Allowance:**

Salaries and allowance significantly increased from the previous fiscal year due to an increase in the number of consolidated employees. Head count increased by 66 from 216<sup>(1)</sup> at the end of the previous year

(1) As of March 31, 2024. The number of employees is the number of full-time employees (excluding employees transferred from our group to outside the group and including employees transferred from outside the group to our group) and excludes temporary employees (including part-timers, employees dispatched by personnel agencies, and seasonal workers).

**Jumpei Nozaki:** Here is a breakdown of the SG&A costs.

Regarding research and development costs, in the previous fiscal year ended March 2023, costs related to Mission 1 and Mission 2 in Japan, together defined as R&D missions, were recorded mainly as R&D costs. Especially for Mission 1, its launch cost was recorded in a lump sum at the timing of the launch in the previous fiscal year.

In contrast, in the fiscal year ended March 2024, although we recognized Mission 2 costs in Japan and Mission 3 costs in the U.S. as R&D costs, overall R&D costs decreased significantly from the previous fiscal year due to no mission launch taking place during the fiscal year.

Salaries and allowance increased significantly compared to the previous fiscal year as the number of consolidated employees increased by 66 from 216 at the end of the previous fiscal year. Our total headcount now is around 300.

Balance Sheet

**Advances and non-current assets increased due to accelerated development of Mission 2 and 3. Maintained liquidity and financial stability through capital increase and additional borrowings**

| (Millions of yen)           | FY2024/3          | FY2023/3          |           |
|-----------------------------|-------------------|-------------------|-----------|
|                             | Full year results | Full year results | %Change   |
| Current Asset Total         | 21,784            | 5,730             | +280.2%   |
| Cash and Deposit            | 14,315            | 3,381             | +323.4%   |
| Short Term Advances         | 4,228             | 1,745             | +142.3%   |
| Non-Current Assets Total    | 5,248             | 1,461             | +259.2%   |
| Property and equipment      | 2,462             | 141               | +1,646.1% |
| Long Term Advances          | 2,560             | 1,148             | +123.0%   |
| Total Assets Total          | 27,033            | 7,192             | +374.8%   |
| Current Liabilities Total   | 10,503            | 4,123             | +275.9%   |
| Advance Received            | 3,190             | 2,382             | +33.9%    |
| Long Term Liabilities Total | 6,784             | 5,416             | +25.3%    |
| Long Term Debt              | 6,538             | 5,395             | +21.2%    |
| Net Assets Total            | 9,745             | -2,347            | -         |
| (Interest-Bearing Debt)     | 12,518            | 6,778             | +84.7%    |

- point**
- Assets:**
- Cash and deposit in Fiscal Year Ended March 2024 significantly increased from the previous fiscal year mainly due to capital increase and additional borrowings<sup>(1)</sup>
  - The accelerated development of Mission 2 and Mission 3 resulted in property and equipment to increase from the previous fiscal year as payment for Mission 3 relay satellites of approx. ¥1.9Bn was recorded as construction in progress, as well as increases in short/long-term advances.
- Liabilities:**
- Interest-bearing debt for Fiscal Year Ended March 2024 significantly increased from the previous fiscal year along with borrowings from various financial institutions.<sup>(1)</sup>
- Net Assets:**
- Net assets for Fiscal Year Ended March 2024 significantly improved compared to the previous fiscal year due to capital increase through IPO and international offering and receipt of lunar insurance.

(1) Additional borrowing of ¥7Bn from Sumitomo Mitsui Bank Corporation has not been recorded as of March 31, 2024.

**Jumpei Nozaki:** Now moving on to the Balance Sheet.

As for the assets, cash and deposits at the end of the fiscal year ended March 2024, increased to approx. 14.3 billion yen. The significant increase from the previous fiscal year was mainly due to the IPO last April, the international equity offering this March, and additional borrowings from financial institutions. Please note that new loans of 7 billion yen from Sumitomo Mitsui Banking Corporation will be recorded in Q1 of the current fiscal year ending March 2025, so it is not reflected here.

The accelerated development of Mission 2 and Mission 3 resulted in property and equipment increasing from the previous fiscal year, since payment for Mission 3 relay satellites of approx. 1.9 billion yen was recorded as construction in progress, as well as increases in short/long-term advances.

As for the liabilities, interest-bearing debt for the fiscal year ended March 2024 increased significantly from the previous year to approx. 12.5 billion yen, including additional borrowings and repayments in the Q4 period.

Net assets increased to approx. 9.6 billion yen, a significant improvement over the previous year due to two instances of equity raise through IPO and international equity offering, as well as the receipt of lunar insurance.

Statement of Cash Flows

Continued to cover free cash flow deficit due to increased development costs with cash flow from financing activities including capital increase and borrowings from financial institutions

| (Millions of yen)   | FY2024/3          | FY2023/3          |
|---|-------------------|-------------------|
|   | Full year results | Full year results |
| Cash Flow from Operating Activities                         | -5,024            | -7,322            |
| Cash Flow from Investing Activities                         | -2,062            | -90               |
| Free Cash Flow  | -7,086            | -7,412            |
| Cash Flow from Financing Activities                         | 20,366            | 4,364             |
| Change by Share Issuance                                    | 14,822            | 0                 |
| Change by Long-term Borrowings                              | 1,322             | 4,465             |
| Change by Short-term Borrowings                             | 4,416             | -99               |
| Net Increase (Decrease) in Cash and Cash Equivalents        | 13,450            | -2,950            |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | 171               | 97                |
| Cash and Cash Equivalents at End of Period                  | 16,832            | 3,381             |

Point

**Cash Flow from Operating Activities:**

- Cash flow from operating activities continued to be negative in Fiscal Year Ended March 2024 due to large amount of development costs for Mission 2 and Mission 3.

**Cash Flow from Investing Activities:**

- Significant amount of capital investment was made as Mission 3 development was accelerated in Fiscal Year Ended March 2024.

**Cash Flow from Financing Activities:**

- Raised a total of approx. ¥15Bn in Fiscal Year Ended March 2024 (approx. ¥6.6Bn through IPO in last April and approx. ¥8.4Bn through PO in this March).
- Borrowed a total of ¥7.5Bn from various financial institutions in Fiscal Year Ended March 2024 (the ¥7Bn borrowing from Sumitomo Mitsui Banking Corporation executed in April 2024 has not been recorded).

**Jumpei Nozaki:** Next is our cash flow.

Cash flow from operating activities in the fiscal year ended March 2024 remained negative by approx. 5.0 billion yen due to the large amount of development costs of Missions 2 and 3. In addition, the significant capital expenditures associated with the development of Mission 2 and 3 resulted in cash flow from investing activities to remain negative by approx. 2.0 billion yen. As a result, free cash flow remained negative by approx. 7.0 billion yen for the fiscal year ended March 2024.

Regarding cash flow from financing activities, we raised a total of approx. 15 billion yen in the fiscal year ended March 2024 including approx. 6.6 billion yen through IPO and approx. 8.4 billion yen through the recent international offering. Also, we borrowed loans of 7.5 billion yen from various financial institutions. As a result, cash flow from financing activities increased to approx. 20.3 billion yen including repayments.

As mentioned, it is essential for us to increase equity base and loans in order to cover the negative free cash flow due to heavy development costs. However, we will continue aiming to turn into profitable in operating cash flow by increasing revenue from missions.

## Financial Forecast for Fiscal Year Ending March 2025 and KPI

**Jumpei Nozaki:** Now, I would like to present the outlook for the fiscal year ending March 2025, which is our second year since publicly listed. Here is a summary of key topics for this fiscal year.

**Outlook for Fiscal Year Ending March 2025**

|           |  |
|-----------|--|
| JP Entity | <ul style="list-style-type: none"> <li>● <b>Mission 2:</b> In advance of its launch in Winter 2024, the RESILIENCE Lander is scheduled to be transported to Florida after AIT and final testing. The aim is steady execution of lunar landing operations by utilizing the data acquired through Mission 1.</li> <li>● <b>Mission 6:</b> Advance development of the Series 3 lander<sup>(1)</sup> for the scheduled launch in 2027, and timely receipt of SBIR grant are the key. Seek utilization of Space Strategy Fund supported by Japanese government to create payload demand.</li> </ul> |
| US Entity | <ul style="list-style-type: none"> <li>● <b>Mission 3:</b> Complete CDR of APEX 1.0 lander and begin assembly for scheduled launch in 2026. Continue to pursue new contracts for payload customers plus new data service.</li> <li>● <b>Mission 4:</b> Aim to obtain prime customers and start full-scale development accordingly for mass production of APEX 1.0 Lander model for Mission 4 and beyond.</li> </ul>  |
| EU entity | <ul style="list-style-type: none"> <li>● <b>Rover Development:</b> Following the Micro Rover to be used in Mission 2, develop in-house rovers for post-lunar landing exploration.</li> </ul>   |
| Group     | <ul style="list-style-type: none"> <li>● <b>Global Network:</b> Accelerate research and development activities with global space agencies, private companies, universities, etc., to improve mission value in the mid- to long-term.</li> <li>● <b>Strong Financial Position:</b> Continue to actively utilize borrowings from financial institutions and strengthen financial stability. Further enhance our IR activities, which will contribute to a sustainable and stable improvement of our share price.</li> </ul>  |

(1) Tentative name. This shows an image as the design of Series 3 Lander has not been finalized yet

**Jumpei Nozaki:** First, Mission 2 launch. The assembly of the RESILIENCE lander is progressing steadily in Japan toward its launch in winter of this year. Once the assembly and the final testing are completed, the lander will be transported to Florida. We will utilize the data acquired through our Mission 1 to ensure a successful landing on the Moon this time. As for Mission 6 in Japan, development of the Series 3 Lander is progressing toward a launch in 2027, and we will receive grants from SBIR program for the lander development in a timely manner. We will also aim to utilize Space Strategy Fund supported by Japanese government to create payload demand targeted for our Mission 6.

Next, at our U.S. entity, the development of the APEX 1.0 Lander is also progressing steadily in preparation for the launch of Mission 3 in 2026, and we plan to complete CDR (Critical Design Review) and start the AIT process by the summer of this fiscal year. For the sales side, we will continue aiming for additional sales and new contracts not only with payload customers but also data service customers. In addition, we aim to take measures to bring the APEX 1.0 Lander to mass production after Mission 4 at the U.S. entity; specifically, aiming to obtain prime customers and begin full-scale development accordingly.

Our European entity will continue developing the flight model of the micro-rover to be used for Mission 2, and will also develop high-quality rovers for lunar exploration after Mission 3 and beyond.

As a group, we plan to further accelerate research and development with global space agencies, private companies, and universities to improve mission value over the medium to long term. On the financial side, we will continue to proactively utilize loans from financial institutions and aim to enhance our financial health.

We will take these important measures as a group of three entities in Japan, the U.S., and Europe. We will promptly provide detailed updates through our social media and corporate site once information can be shared publicly.

Forecast for FY2025/3

**Total net sales are expected to increase in FY2025/3 along with increased Mission 3 revenue recognition. Meanwhile a significant net loss is expected due to scheduled Mission 2 launch and full development of Mission 3, which is in line with the original plan and similar level as FY2023/3.**

| (Millions of yen)        | FY2025/3 Full-Year | FY2024/3 Full-Year |         |
|--------------------------|--------------------|--------------------|---------|
|                          | Forecast           | Results            | %Change |
| Net Sales <sup>(1)</sup> | 4,033              | 2,357              | +71.1%  |
| Gross Profit             | 522                | 928                | -43.8%  |
| Gross Profit Margin      | 12.9%              | 39.4%              | -       |
| SG&A                     | 13,688             | 6,429              | +112.9% |
| Operating Profit/Loss    | -13,165            | -5,501             | -       |
| Ordinary Profit/Loss     | -12,461            | -6,097             | -       |
| Net Profit/Loss          | -12,465            | -2,366             | -       |

**point**

- Net sales for FY2025/3 are expected to be accelerated by payload services mainly from Mission 3 as in the previous fiscal year (refer to the next page for details).
- Net sales and costs related to Mission 4 and beyond are conservatively not included in the forecast (however, costs related Mission 6 are included in the forecast).
- Along with mission progresses, a significant increase in SG&A is expected FY2025/3 (refer to P.36 for details).
- Impact of Mission 6 development on net loss is expected to be minor as SBIR grant, which will be recorded in non-operating income, is expected to cover Mission 6 related SG&A costs.
- A significant net loss is expected to be recorded, however as shown in next pages, this is in line with the original plan.

(1) Currently using the cost recovery method for sales recognition for Mission 1 to Mission 3, respectively, and expects sales to increase in tandem with the increase in cost accruals since the cost accruals as cost are recognized in sales. If sales in excess of cost accruals are not booked at the time of mission completion, they will be accounted for in a lump-sum transaction.

**Jumpei Nozaki:** In line with these key topics, although we will continue to invest for future missions, total net sales is expected to increase to approx. 4.0 billion yen. This is mainly due to payload services from Mission 3 in the same way as the previous fiscal year. I will explain more details on this in the next page.

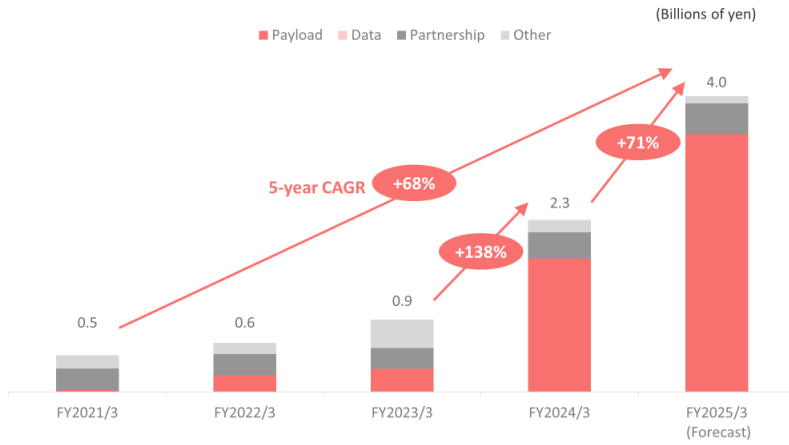
Please note that as a conservative step, we have not included net sales and costs related to Mission 4 and beyond in the forecast as we see some uncertainties of its schedule and total expected contract value, etc. However, costs related Mission 6 are already included in the forecast.

On the other hand, we expect to post a net loss of approx. 12.4 billion yen due to the scheduled launch of Mission 2 and an increase in SG&A costs as the development of Mission 3 to be accelerated. This will be a significant net loss, same level as the fiscal year ended March 2023 when Mission 1 was launched, but let me stress that this amount of net loss is in line with our original plan and projections.

The impact of Mission 6 development on net income is expected to be limited, as we expect to record SBIR grant for Mission 6-related costs as non-operating income beginning in the fiscal year ending March 2025.

Again, we do not include net sales from Mission 4 in this forecast. Although net sales will increase once we have secured a large contract, the amount of the increase will vary greatly depending on the timing and size of the contract. Considering these circumstances, we currently do not include Mission 4 related sales in the forecast, but we will revise our forecasts as promptly and accurately as possible in accordance with the situation once we obtain such contracts.

Net sales from Mission 3 payload service are expected to accelerate overall net sales in FY2025/3.

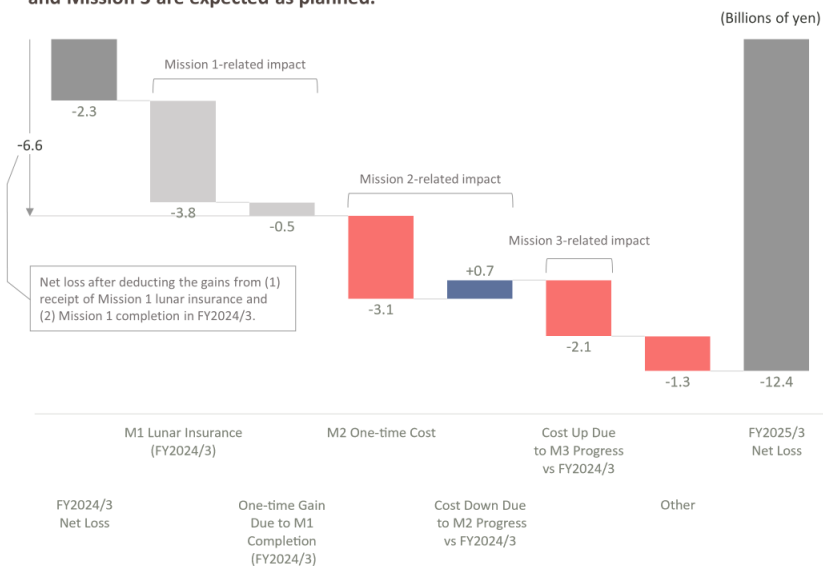


- Point**
- Net sales in FY2025/3 are expected to be continuously driven by payload service, with more than 90% of the sales contributed by Mission 3.
    - +71% growth expected compared to the previous fiscal year
    - Average annual growth rate of +68% over the past 5 years
  - Lump-sum recognition of sales upon completion of Mission 2 (when the mission is completed after landing) is expected in the next fiscal year.
  - Sales from Mission 4 and beyond are conservatively not included in the forecast at this time.

**Jumpei Nozaki:** As shown in the graph, even though Mission 4 related net sales are excluded, we expect significant growth with +71% growth expected compared to the previous fiscal year and average annual growth rate of +68% over the past 5 years. The 4 billion yen in net sales is mainly driven by payload service, with more than 90% of the sales contributed by Mission 3. Please note, in the same way as for Mission 1, lump-sum recognition of sales upon completion of Mission 2 is expected in the next fiscal year along with its scheduled mission completion.

Changes in Net Loss

In FY2024/3, one-time gain was recorded due to the impact related to Mission 1. In FY2025/3, continuous investments in Mission 2 and Mission 3 are expected as planned.



- Point**
- While significant net loss of ¥12.4Bn is expected compared to the previous fiscal year, this is in line with our original plan.
  - Previous fiscal year included (1) receipt of Mission 1 lunar insurance and (2) one-time gain from Mission 1.
  - Costs are expected to increase compared to the previous fiscal year along with mission progress
    - Mission 2: Development cost itself will decrease, while other related costs will temporarily increase due to launch and insurance costs incurred only in the launch year.
    - Mission 3: Costs will increase due to receipt of lander components and increase in personnel.
  - Other increases
    - Partially due to expected stock compensation costs based on a new stock compensation plan to be introduced.

**Jumpei Nozaki:** While we expect to record a significant amount of net loss in the same level as Fiscal year ended March 2023, this is in line with our original plan.

In the previous fiscal year, net loss was decreased due to the receipt of lunar insurance and a one-time gain from Mission 1 completion. If we assume to exclude these factors, the net loss in the previous fiscal year could have been 6.6 billion yen.

Approx. 2.4 billion yen will be the impact of Mission 2 in the actual increase in net loss in the current fiscal year, mostly due to one-time expenses incurred only in the launch year. Mission 2 is scheduled for launch this winter. The launch and insurance costs are incurred only in the year of launch, resulting in increased costs, which greatly exceed the effect of the decrease in development costs compared to the previous year.

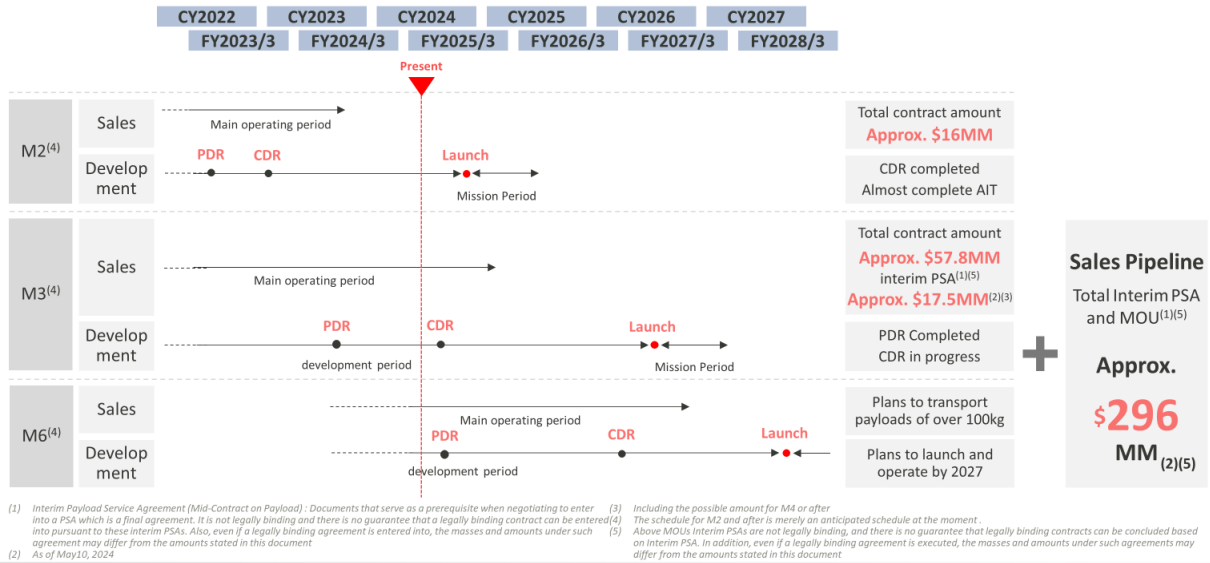
The 2.1 billion yen is due to the impact of Mission 3 development progress. Since the U.S. entity is currently developing its very first lander for missions in the U.S., a certain amount of costs are recorded as R&D costs, not as cost of sales. And we will receive lander components in the current fiscal year, resulting in R&D costs to increase. In addition, we have continued to hire personnel since the previous fiscal year along with the progress of Mission 3 development, resulting in HR costs to increase.

One factor in the other impact is stock compensation expense. We decided to abolish the Trust Stock Option which we adopted in the past, and introduce a new stock compensation plan.

As a result, we expect to report a large net loss this year, in the same way as Fiscal year ended March 2023. When comparing the net loss it appears that the loss has increased significantly compared to last year. However, as you can see, if excluding the temporary increase in profits due to Mission 1 and the temporary increase in costs due to Mission 2, the increase of loss is mainly due to the impact of the progress in the Mission3 development. Now I hope you will understand that this loss is in line with our original plan.

Our KPI

CDR for Mission 3 Lander development is expected to be completed by summer of this fiscal year. For the sales for Mission 3 and beyond, continue to finalize interim PSA<sup>(1)</sup> into final agreements and obtaining new PSA from approx. \$290MM sales pipeline



**Jumpei Nozaki:** Next, I would like to talk about our KPIs, which we have been explaining on an ongoing basis.

Quarterly disclosure has a certain meaning in understanding the current situation of our company, however, due to the nature of the space development industry, we would like to provide all investors with a more detailed explanation of our progress toward med- to long-term goals to capture your interest.

As for Mission 2, the assembly of the lander is expected to be completed soon, as mentioned earlier, and all of the customers' payloads have already been installed on the lander.

As for Mission 3, we will sign a PSA with CDS, resulting in the total contract value to increase to approx. 57.8 million yen. We will continue working on customer acquisition. On the development side, CDR is scheduled to be completed by summer of this year, and we will promptly announce as it completes.

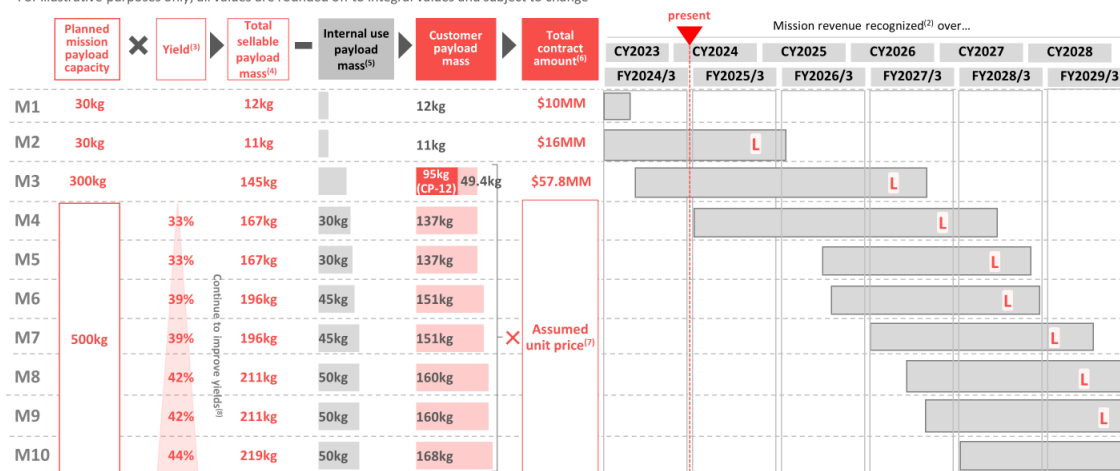
The development of Mission 6 has already started, and its PDR is scheduled to be completed by the end of the fiscal year ending March 2025. On the sales side, as mentioned earlier, demand is expected to increase along with the establishment of the Space Strategic Fund, and we will approach potential customers to cover this demand.

Furthermore, the current sales pipeline with iPSAs and MOUs totals 296 million USD, and we will aim to convert these iPSAs and MOUs into PSAs as well as to acquire new PSAs.

Illustrative Business Model

Illustrative Business Model of Payload Service

For illustrative purposes only; all values are rounded off to integral values and subject to change



(1) Presented as an illustrative simulation of the potential business model for our future payload service as of the date hereof. Actual results may differ materially from future results as the timing and details of future missions remain subject to change.  
 (2) Based on planned launch schedule as of May 10, 2024. This schedule is subject to change and may not proceed as planned.  
 (3) Presents the ratio of total sellable payload mass to design payload capacity after applying an assumed percentage of unsold mass to account for the following factors: (1) uncertainties relating to development, such as issues relating to carrying particular client payloads on our lander (e.g., adjustments of interface) and (2) sales success rate (accounting for uncertainties in demand and sales capability).  
 (4) Sum of internal use payload mass and customer payload mass.  
 (5) Payload amount for ispace's usage based on the Company's assumptions as of May 10, 2024.  
 (6) For M1, M2 and M3, the amount is the actual value based on each PSA as of May 10, 2024.  
 (7) Assumed payload unit price as of May 10, 2024 is approx. \$1.5MM/kg, and the Company assumes that the price will decrease over time.  
 (8) Yield is expected to improve due to growth in market demand, technical improvements made through experience, and expansion of sales team, in each case according to the Company's assumptions.  
 (9) As a result of not achieving completion of Success 9-10 in Mission 1, the amount of sales that could not be recorded as sales was determined to be approximately 98 million yen (as disclosed in Offering Circular on March 26, 2024).

**Jumpei Nozaki:** Finally, this is a quarterly ongoing disclosure, which is an illustrative model that shows how our sales are created from the bottom-up approach, in the form of factorization. Although the future mission schedule and weight descriptions are based on our simulation at this time, there are no major changes of mission schedules or sales plan from the previous disclosure. Some people might wonder how ispace will be able to turn its profit into positive in the future while we expect to make a large deficit in the fiscal year ending March 2025. While Mission 1 and 2 are R&D missions, from Mission 3 onwards, ispace enters a full-fledged commercial phase. The key factors here are payload weight, which is how much customers' cargo can be carried, and mission frequency. The design payload weight of the RESILIENCE Lander used in Mission 2 is up to 30kg, while that of Apex 1.0 Lander used in Mission 3 will be up to 300kg. We have an image of selling over 100kg of payloads in one mission and gradually turning the revenue per mission into positive, which is currently making a loss due to initial development costs. Furthermore, from 2027 onwards, we plan to carry out two or three missions a year, so we aim to increase sales and reduce costs for each mission, thereby increasing profits cumulatively. This is ispace's future profit growth story.



**Takeshi Hakamada:** Finally, as many of you may not be able to attend, I wanted to take this opportunity to show you some photos of some of our activities.

As these photos show, we attended Space Symposium, the largest space industry conference held in the U.S. in early April of this year. The upper left is ispace Japan team, bottom left is ispace U.S. team. The upper right is a photo with European Space Agency's Director General, Josef Aschbacher.

We were able to build relationships with many visitors and exhibitors, including people from the space industry in the U.S. public and private sectors, and space agencies from around the world. We were able to experience firsthand the trust in the achievements of Mission 1 and the high expectations for Mission 2 and Mission 3.

Thank you and Never Quit the Lunar Quest.

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