

Translation

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Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2024  
[Japanese GAAP]

February 13, 2024

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 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 Three Quarters of the Fiscal Year Ending March 31, 2024

(from April 1, 2023 to December 31, 2023)

(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 three quarters ended December 31, 2023	1,826	121.7	(3,748)	-	(4,590)	-	(836)	-
First three quarters ended December 31, 2022	823	-	(9,352)	-	(9,717)	-	(9,717)	-

(Note) Comprehensive income (loss)

First three quarters ended December 31, 2023: -574 Millions of yen (-%)

First three quarters ended December 31, 2022: -9,537 Millions of yen (-%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
First three quarters ended December 31, 2023	(10.35)	-
First three quarters ended December 31, 2022	(180.29)	-

(Note) Diluted net income per share for the first three quarters ended December 31, 2022 is omitted for the reasons (i) that although there were dilutive shares, they were not listed shares and the period-average share price cannot be determined, and (ii) that the Company posted basic net loss per share. Diluted net income per share for the first three quarters ended December 31, 2023 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 three quarters ended December 31, 2023	18,278	3,675	19.0
Fiscal year ended March 31, 2023	7,192	(2,347)	-

(Reference) Equity

First three quarters ended December 31, 2023: 3,474 Millions of yen

Fiscal year ended March 31, 2023: -2,548 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, 2023	-	-	-	0.00	0.00
Fiscal year ending March 31, 2024	-	-	-		
Fiscal year ending March 31, 2024 (forecast)				0.00	0.00

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

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	2,370	139.6	(5,906)	-	(7,144)	-	(3,348)	-	(41.40)

(Note) Revisions to the most recently announced earnings forecast: Yes

For details of the revision of the consolidated earnings forecast, refer to the "Notice regarding revision of the financial results forecasts" announced today (February 13, 2024).

### \*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 i. 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 December 31, 2023	82,504,783 shares	As of March 31, 2023	53,901,120 shares
2) Number of treasury shares at the end of the period	As of December 31, 2023	- shares	As of March 31, 2023	- shares
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)	First three quarters ended December 31, 2023	80,875,091 shares	First three quarters ended December 31, 2022	53,900,100 shares

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\* 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 results briefing session for institutional investors and securities analysts on February 13, 2024 (Tuesday) 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 first three quarters (April 2023 - December 2023) of the fiscal year ending March 2024, although the spread of the new coronavirus finally appears to be abating, the situation remains uncertain due to the rapid depreciation of the yen and inflation caused by high commodity prices, as well as policy interest rate hikes in various countries.

Despite such circumstances, the field of space resource development—the Group’s business—saw continued active progress. During the first three quarters of the fiscal year ending March 2024, the Czech Republic, Spain, India, Germany, Iceland, Netherlands, Bulgaria, and Angola joined the Artemis Accords, bringing the total number of signatory countries and territories to 34 (as of the end of December 2023), including Japan and the U.S. The Artemis Accords serve as a guideline for peaceful, friendly, and transparent lunar surface activities under the Artemis Program, which is the manned lunar exploration program advanced by the National Aeronautics and Space Administration (“NASA”).

Significant progress has also been achieved by the Japanese government; on June 15, 2021, the Act on Promotion of Business Activities for the Exploration and Development of Space Resources was passed and enacted in the Diet, marking a groundbreaking step forward. The Act permits Japanese private companies to explore and exploit space resources, such as water, minerals, and other natural resources, found on the moon and other celestial bodies, as well as in outer space. Japan has become the fourth country in the world to establish laws to allow private companies to use space resources, after the United States, Luxembourg, and the United Arab Emirates. This paves the way for further promotion of space development and lunar surface exploration is expected.

With such developments as a background, the Group has completed the development of the Mission 1 lunar landers and conducted a launch at Space Launch Complex 40, Cape Canaveral Space Force Station, Florida, at 16:38 on Sunday, December 11, 2022 (Japan Standard Time). From then until April 2023, despite not being able to achieve Success 9 “Completion of lunar landing” out of the 10 success milestones that had been set beforehand, the mission achieved 8 milestones, up to Success 8 “Completion of all orbit control maneuvers in lunar orbit.” The Company had concluded ‘Lunar Insurance’ intended to comprehensively compensate for risks occurring from the launch of the rocket to the landing on the lunar surface and subsequent verification of two-way communications, and following the Mission 1 lander’s failure to make a soft landing on the Moon, the Company received insurance proceeds of JPY 3,793,660,000 under the policy, which was recorded as extraordinary income in the second quarter of the fiscal year. In addition, by analyzing the factors preventing Success 9 from being completed, the Group clarified the points that need to be improved in order to increase the success rate of Mission 2 and subsequent missions. Not only has it achieved these significant milestones through Mission 1, but it has also advanced lander developments for Mission 2, which is scheduled to be launched in winter 2024, and the subsequent Mission 3, as well as promoting the acquisition of new customers for its payload services. Furthermore, for the partnership business in which the Group offers customers the rights to use its activities as content, the display of corporate logos on advertising media and access data usage and other rights in packages, and collaborate on technology development and merchandise development, the Company has promoted partnership relationships with existing partner companies, as well as promoted new customer acquisition for HAKUTO-R, which covers up to Mission 2.

As a result, the Group posted net sales of 1,826,065 thousand yen (up 121.7% year-on-year), operating loss of 3,748,780 thousand yen (operating loss of 9,352,349 thousand yen in the same period of the previous fiscal year), ordinary loss of 4,590,329 thousand yen (ordinary loss of 9,717,646 thousand yen in the same period of the previous fiscal year) and net loss attributable to owners of parent of 836,946 thousand yen (net loss attributable to owners of parent of 9,717,604 thousand yen in the same period of the previous fiscal year) for the first three quarters of the fiscal year ending March 2024.

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 third quarter under review was 13,450,050 thousand yen, an increase of 7,719,150 thousand yen from the end of the previous fiscal year. This was mainly attributable to cash on hand and in banks increasing by 6,294,328 thousand yen.

#### (Non-current assets)

The balance of non-current assets at the end of the third quarter under review was 4,828,391 thousand yen, an increase of 3,366,405 thousand yen from the end of the previous fiscal year. This was mainly attributable to construction in progress

increasing by 1,571,101 thousand yen and long-term advance payments - trade increasing by 1,317,329 thousand yen.

(Current liabilities)

The balance of current liabilities at the end of the third quarter under review was 7,736,661 thousand yen, an increase of 3,612,666 thousand yen from the end of the previous fiscal year. This was mainly attributable to short-term borrowings increasing by 2,066,662 thousand yen and contract liabilities increasing by 1,236,482 thousand yen.

(Long-term liabilities)

The balance of long-term liabilities at the end of the third quarter under review was 6,866,573 thousand yen, an increase of 1,450,075 thousand yen from the end of the previous fiscal year. This was mainly attributable to long-term borrowings increasing by 1,175,315 thousand yen.

(Net assets)

The balance of net assets at the end of the third quarter under review was 3,675,207 thousand yen, an increase of 6,022,814 thousand yen from the end of the previous fiscal year. This was mainly attributable to share capital and legal capital surplus increasing by 3,281,720 thousand yen with the public offering and such associated with the new listing. In accordance with the resolution of the Ordinary General Meeting of Shareholders held on June 28, 2023, the Company reduced 8,556,042 thousand yen from legal capital surplus as of June 28, 2023, and transferred the amount to other capital surplus. In addition, the amount transferred to other capital surplus was transferred to retained earnings brought forward to compensate for the deficit.

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

The full-year consolidated earnings forecast for the fiscal year ending March 2024 was revised today (February 13, 2024). For details of the revision, refer to "Notice regarding revision of the financial results forecasts" announced on the same day.

## 2. Quarterly Consolidated Financial Statements and Significant Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Third quarter of current fiscal year (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	3,381,935	9,676,264
Notes and accounts receivable - trade	—	29,686
Accounts receivable - trade	29,139	—
Advance payments - trade	1,745,975	3,158,987
Work in process	107,395	178,420
Other	466,453	406,690
<b>Total current assets</b>	<b>5,730,899</b>	<b>13,450,050</b>
Non-current assets		
Property and equipment	141,757	2,126,594
Intangible assets	66,087	56,340
Investments and other assets		
Long-term advance payments - trade	1,148,148	2,465,477
Other	105,993	179,979
<b>Total investments and other assets</b>	<b>1,254,141</b>	<b>2,645,456</b>
<b>Total non-current assets</b>	<b>1,461,986</b>	<b>4,828,391</b>
<b>Total assets</b>	<b>7,192,886</b>	<b>18,278,442</b>
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	1,383,338	3,450,000
Contract liabilities	2,382,279	3,618,762
Other	358,377	667,899
<b>Total current liabilities</b>	<b>4,123,995</b>	<b>7,736,661</b>
Long-term liabilities		
Long-term borrowings	5,395,573	6,570,888
Deferred tax liabilities	20,923	16,965
Other	—	278,718
<b>Total long-term liabilities</b>	<b>5,416,497</b>	<b>6,866,573</b>
<b>Total liabilities</b>	<b>9,540,493</b>	<b>14,603,234</b>

(Unit: thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Third quarter of current fiscal year (As of December 31, 2023)
<b>Net assets</b>		
Shareholders' equity		
Share capital	93,022	3,391,789
Capital surplus	8,556,042	3,298,767
Retained earnings	(11,172,340)	(3,453,244)
Total shareholders' equity	(2,523,276)	3,237,311
Accumulated other comprehensive income (loss)		
Foreign currency exchange adjustments	(25,372)	236,889
Total accumulated other comprehensive income (loss)	(25,372)	236,889
Share acquisition rights	201,042	201,005
Total net assets	(2,347,606)	3,675,207
Total liabilities and net assets	7,192,886	18,278,442

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income (Loss)  
(Quarterly Consolidated Statement of Income (Loss))  
(First three quarters of the fiscal year ending March 2024)

(Unit: thousands of yen)

	First three quarters of the fiscal year ended March 2023 (April 1, 2022 -December 31, 2022)	First three quarters of the fiscal year ending March 2024 (April 1, 2023 -December 31, 2023)
Net sales	823,818	1,826,065
Cost of sales	400,588	1,021,398
Gross profit	423,229	804,666
Selling, general and administrative expenses	9,775,579	4,553,447
Operating income (loss)	(9,352,349)	(3,748,780)
Non-operating income		
Interest income	44	5,691
Subsidy income	995	—
Foreign exchange gain (loss)	15,831	—
Other	1,753	3,090
Total non-operating income	44	5,691
Non-operating expenses		
Interest expense	127,420	230,030
Commission expenses	250,000	—
Foreign exchange losses	—	96,110
Share issuance costs	—	22,736
Listing expenses	—	470,789
Other	6,500	30,662
Total non-operating expenses	383,921	850,330
Ordinary income (loss)	(9,717,646)	(4,590,329)
Extraordinary income		
Insurance claim income	—	3,793,660
Other	—	12
Total extraordinary income	—	3,793,673
Extraordinary losses		
Loss on cancellation of treasury share acquisition rights	—	43,315
Loss on retirement of non-current assets	0	—
Total extraordinary losses	0	43,315
Income (loss) before income taxes	(9,717,646)	(839,971)
Income taxes - current	3,169	3,151
Income taxes - deferred	(3,211)	(6,176)
Total income taxes	(41)	(3,024)
Net income (loss)	(9,717,604)	(836,946)
Net income (loss) attributable to owners of parent	(9,717,604)	(836,946)

(Quarterly Consolidated Statement of Comprehensive Income (Loss))  
(First three quarters of the fiscal year ending March 2024)

(Unit: thousands of yen)

	First three quarters of the fiscal year ended March 2023 (April 1, 2022 -December 31, 2022)	First three quarters of the fiscal year ending March 2024 (April 1, 2023 -December 31, 2023)
Net income (loss)	(9,717,604)	(836,946)
Other comprehensive income (loss)		
Foreign currency exchange adjustments	180,378	262,262
Total other comprehensive income (loss)	180,378	262,262
Comprehensive income (loss)	(9,537,226)	(574,684)
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of parent	(9,537,226)	(574,684)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

The share capital increased by 3,098,538 thousand yen and legal capital surplus increased by 3,098,538 thousand yen with the issuance of new shares accompanying the listing of the common shares on the Growth Market of the Tokyo Stock Exchange. In addition, share capital increased by 145,220 thousand yen and legal capital surplus increased by 145,220 thousand yen as the Company received payment for the issuance of new shares through third-party allotment concerning the offering of the Company's shares by way of over-allotment, which was resolved at the Board of Directors meetings held on March 8, 2023 and March 27, 2023, on May 10, 2023.

Furthermore, in accordance with the resolution made at the Ordinary General Meeting of Shareholders held on June 28, 2023, the Company reduced 8,556,042 thousand yen from legal capital surplus as of June 28, 2023 and transferred the amount to other capital surplus. In addition, the amount transferred to other capital surplus was transferred to retained earnings brought forward to compensate for the deficit. As a result, capital surplus reduced by 8,556,042 thousand yen and retained earnings increased by 8,556,042 thousand yen.

(Segment Information, etc.)

[Segment Information]

I. First three quarters of the fiscal year ended March 2023 (April 1, 2022 - December 31, 2022)

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

II. First three quarters of the fiscal year ending March 2024 (April 1, 2023 - December 31, 2023)

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

ispace, inc. made a resolution at the Board of Directors' meeting held on December 8, 2023 and concluded an overdraft contract on January 29, 2024, to borrow funds for mission development (including other related expenses) as follows.

(1) Lender Sumitomo Mitsui Trust Bank, Ltd.

(2) Borrowing amount 2,000 million yen

(3) Interest rate Base interest rate + spread

(4) Drawdown date January 31, 2024

(5) Repayment date January 31, 2025

(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 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 fiscal year should be maintained at 3 billion yen or more.

### 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 third 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 are no significant uncertainties regarding its ability to operate as a going concern.

#### (1) Promotion of Research and Development

For the two initial R&D missions—the completed Mission 1, and Mission 2 planned for winter 2024,—as well as the subsequent Mission 3, the Group has continued to work to secure launch opportunities through launch service providers, and steadily advance the development of lunar surface landers and lunar rovers by strictly managing development schedules and development costs as well as development quality.

#### (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 in the research and development missions 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-type bonds with share acquisition rights, 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.