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i s p a c e

Financial Results Material for Q1 of Fiscal Year Ending March 2024

ispace, inc.
(Securities Code: 9348)
August 10, 2023

M R V Z I F N P M L Y

G D B M U P Y E S L X

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Table of Contents

1 | About ispace

2 | Business Highlights : Q1 of Fiscal Year Ending March 2024

3 | Financial Results : Q1 of Fiscal Year Ending March 2024

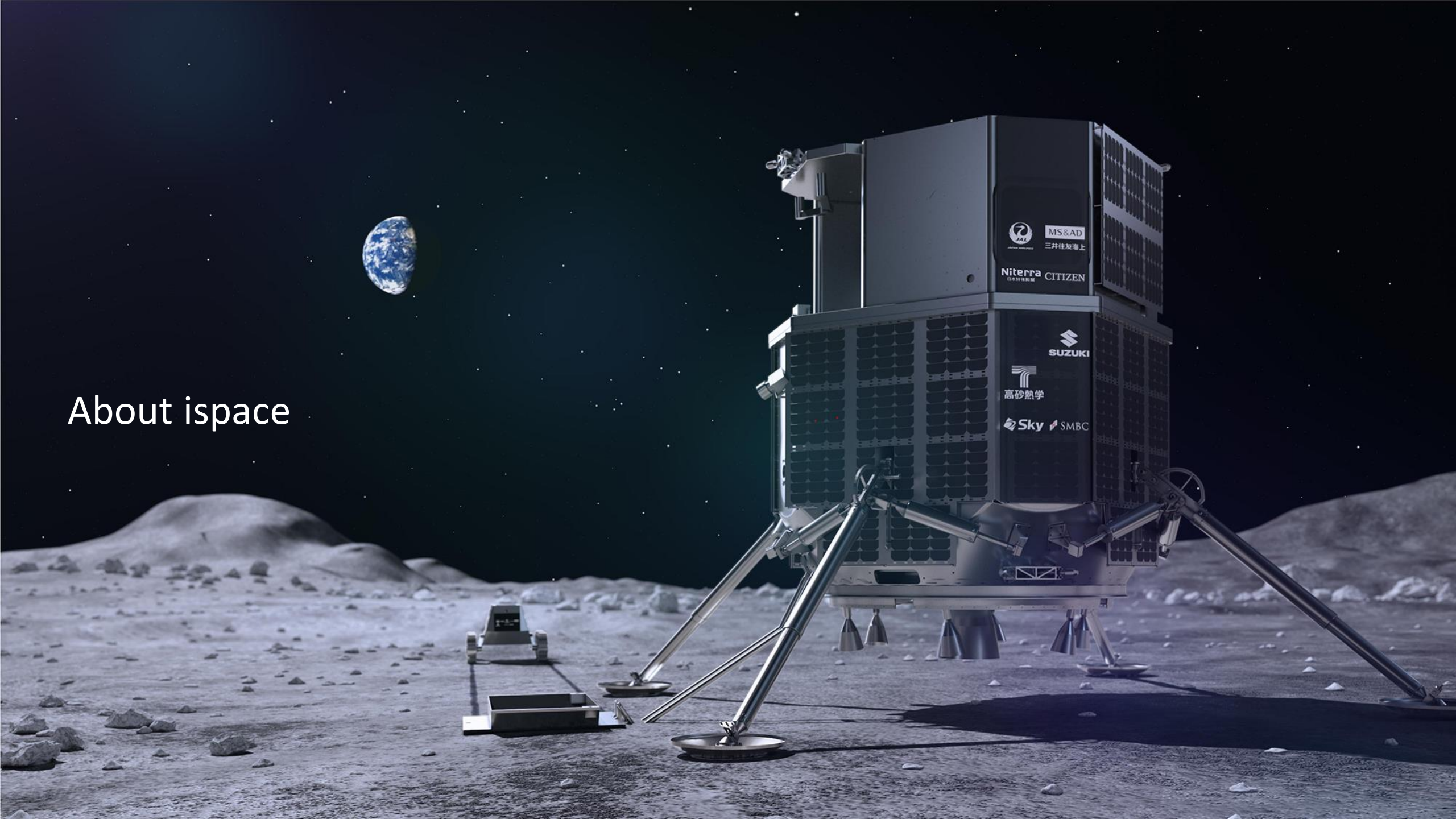
4 | Financial Forecast : Fiscal Year Ending March 2024



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About ispace



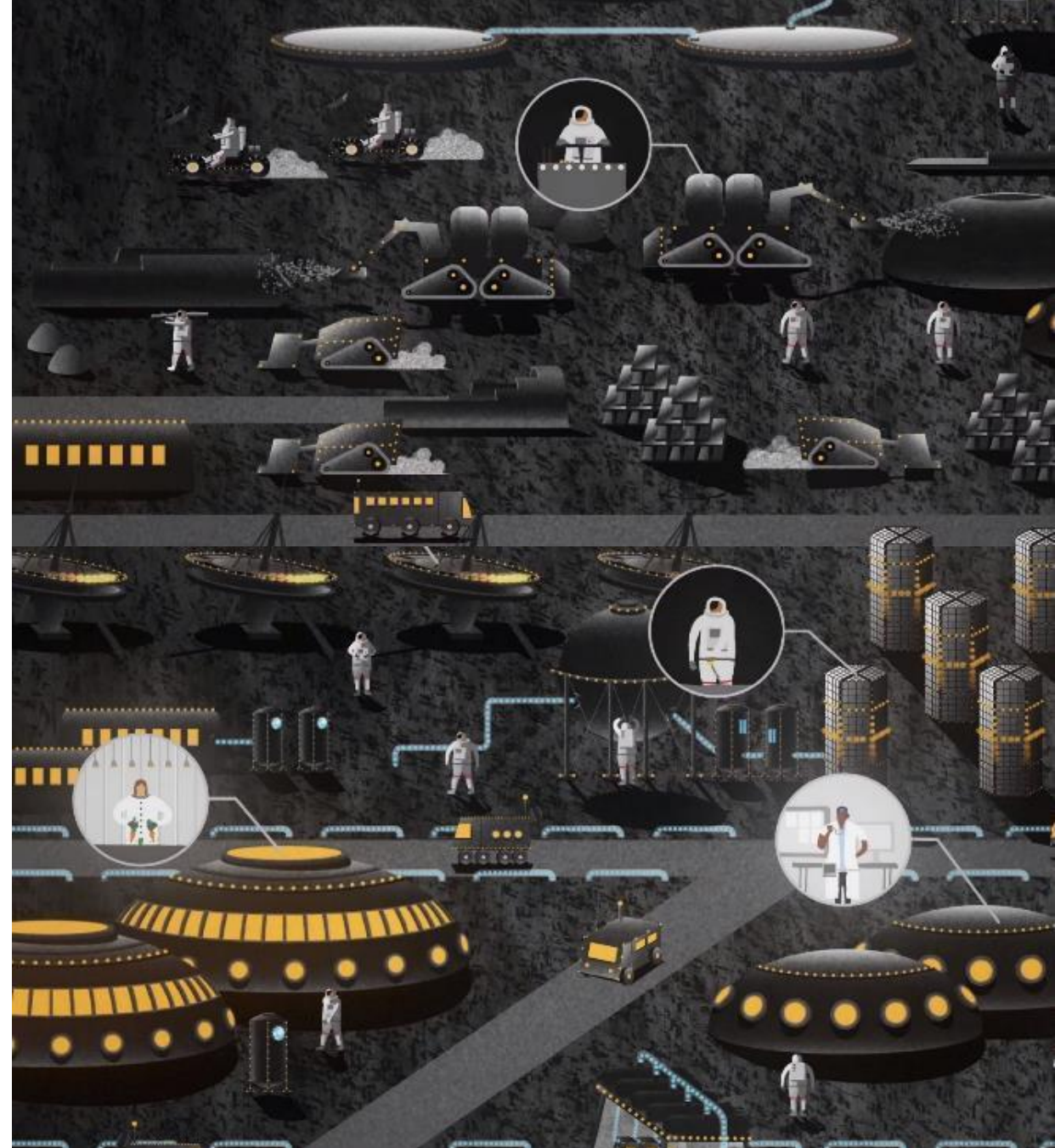
OUR VISION

(Reposted)

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

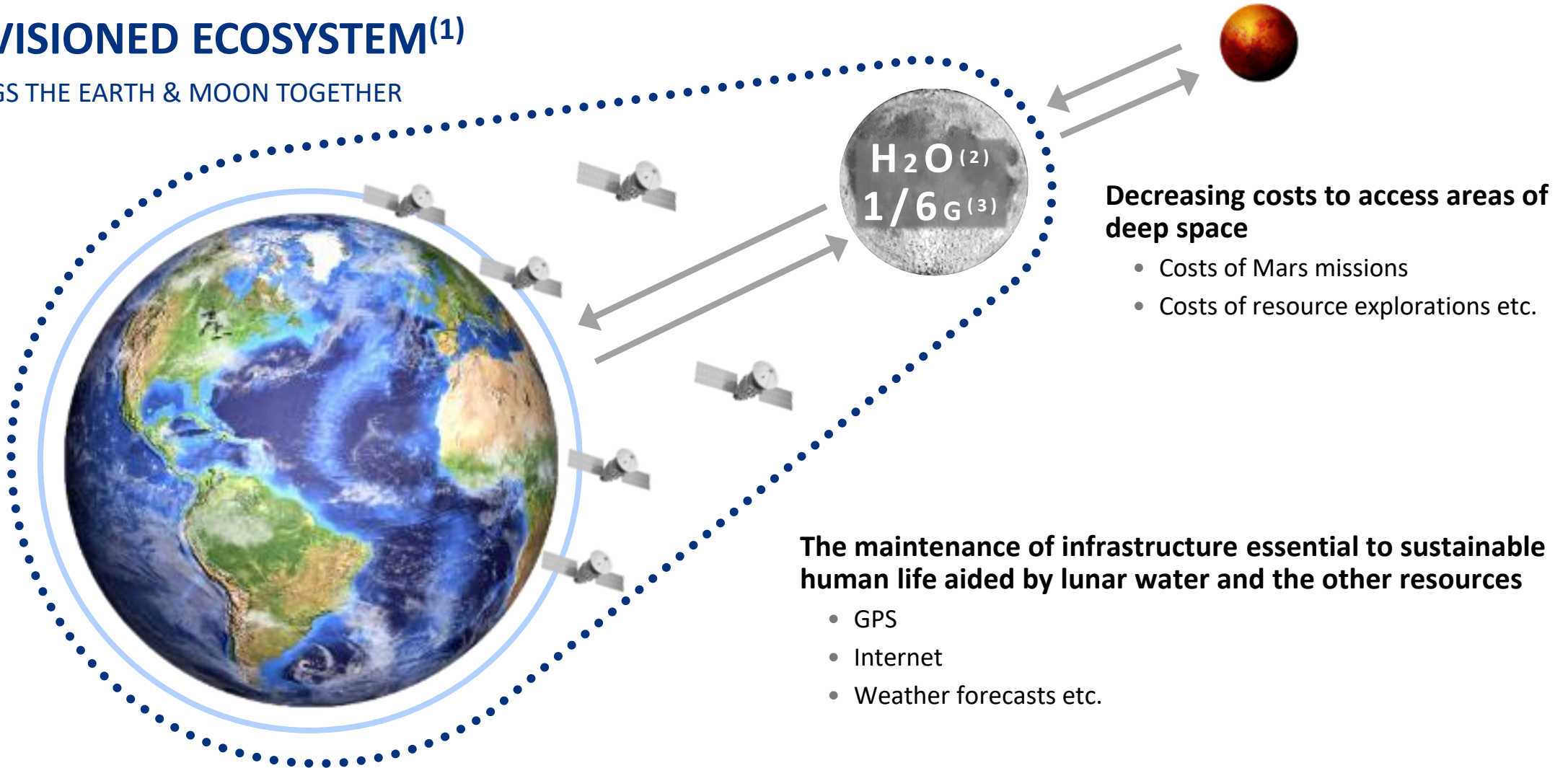


Why the Moon?

(Reposted) The potential of the Moon as a “fuel supply base” utilizing H₂O that may exist on the Moon

ENVISIONED ECOSYSTEM⁽¹⁾

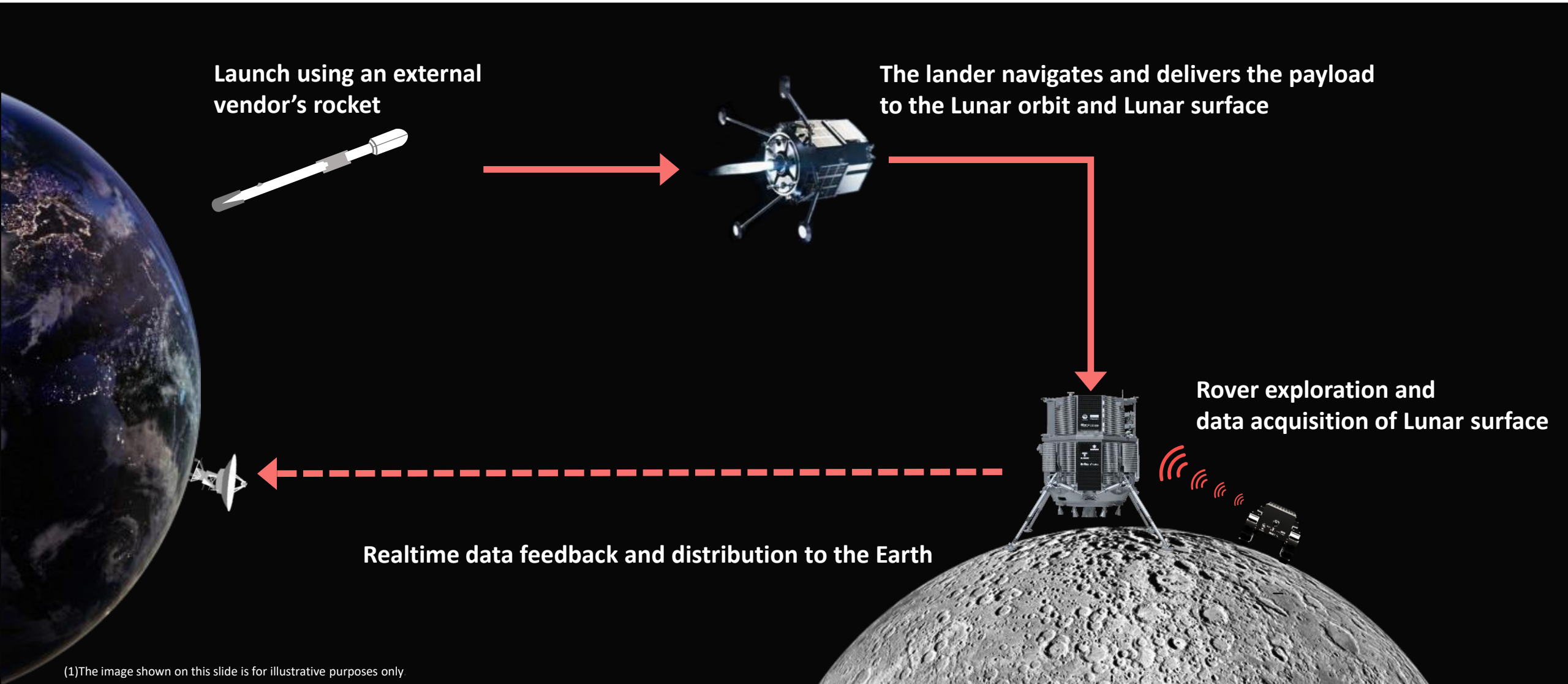
BRINGS THE EARTH & MOON TOGETHER



(1)The image shown on this slide is for illustrative purposes only

(2)According to several studies, 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 (3)As Moon has only 1/6 gravity of the Earth, the launch cost from the Moon could be theoretically be lower than the launch cost from the Earth

(Reposted) 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



(1)The image shown on this slide is for illustrative purposes only

Core service

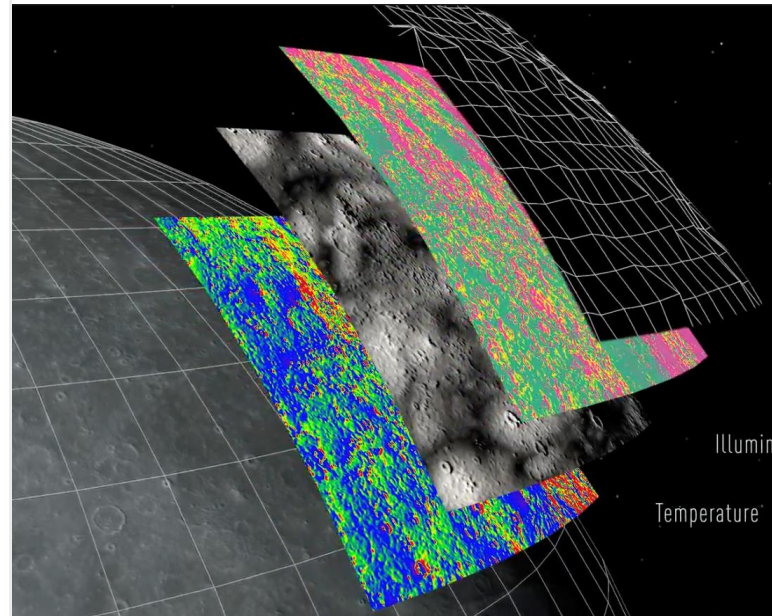
(Reposted) Payload service and Partnership service are the current business pillars of ispace. We plan to establish Data service in the future

Payload service



Transport customers' payload to the Moon. Customers will acquire significant data from payload, by conducting experiments as needed

Data service



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 as of Q1 of Fiscal Year Ending March 2024)

Partnership service



Supporting customers' marketing by posting their logo on the lander and rover of ispace. Also, each company will collaborate with ispace from various perspectives that include technical or business perspectives



December 11, 2022

@ Cape Canaveral on SpaceX Falcon 9

Achievements

(Reposted) In 2022, successfully launched lunar lander as a commercial company for the first time

Announced Mission Schedule⁽¹⁾

2022

i s p a c e

2023

(US) Intuitive Machines
(US) Astrobotic Technology

2024

i s p a c e

(US) Intuitive Machines
(US) Astrobotic Technology
(US) Firefly Aerospace

2025

i s p a c e

(US) Intuitive Machines

(1)According to our research as of June 30, 2023

A detailed illustration of a lunar lander on the moon's surface. The lander is a boxy, metallic structure with four legs and two ramps. A large, yellow, parabolic dish antenna is mounted on top. The moon's surface is dark and rocky, with a horizon line visible. In the black sky of space, the Earth is seen as a bright blue and white sphere in the upper right. A faint, colorful lens flare is visible in the lower left corner.

Business Highlight : Q1 of Fiscal Year Ending March 2024

Mission1 Success Milestones

Achieved 8 out of 10 Success Milestones we've set, despite not being able to achieve lunar landing. Acquired valuable data until the end of landing sequence

Success 1 ✓
Completion of Launch Preparations
Completed Nov 28, 2022

Success 2 ✓
Completion of Launch and Deployment
Completed Dec 11, 2022

Success 3 ✓
Establishment of a Steady Operation State (Initial Critical Operation Status)
Completed Dec 16, 2022

Success 4 ✓
Completion of first orbital control maneuver
Completed Dec 15, 2022

Success 5 ✓
Completion of stable deep-space flight operations for one month
Completed Jan 11, 2023

Success 6 ✓
Completion of all deep space orbital control maneuvers before LOI
Completed Mar 18, 2023

Success 7 ✓
Reaching the lunar gravitational field and lunar orbit
Completed Mar 21, 2023

Success 8 ✓
Completion of all orbit control maneuvers in lunar orbit
Completed Apr 14, 2023

Success 9
Completion of lunar landing
Not completed

Success 10
Establishment of a steady system state after lunar landing
Not completed

(1)The image shown on this slide is for illustrative purposes only

Completed detailed technical review of Mission1 and reconfirmed that impact of Mission1 results on the forecast for Fiscal Year Ending March 2024 were insignificant

Impact on sales

- As a result of not achieving completion of Success 9-10 in Mission1, the amount of sales that could not be recorded as sales was determined to be approximately 106 million yen(as disclosed on April 26, 2023). No impact on the sales contracts already concluded for Mission2 and Mission3
- No major changes to the outlook for future orders for Mission2 and after are currently expected

Impact on costs

- No significant increase in the cost of developing lander for Mission2 and after due to the failure of the Mission1 lunar landing is currently expected

Impact on mission schedule

- No changes to the launch schedule for Mission2 in 2024, Mission3 in 2025, or beyond are currently planned

Other impact

- Lunar insurance has been concluded with Mitsui Sumitomo Insurance Company, Limited. Expecting to receive the insurance payment, which has not been currently confirmed. The amount is not reflected in the forecast for the Fiscal Year Ending 2024

Sales were finalized with the completion of Mission1. New contracts for Mission2 and beyond were signed during the Q1

Completion of Mission1

- Total sales of payload services related to Mission 1 were 1,121 million yen. Mission completion agreed with each customer
- 575 million yen of the total contract amount that had not been recorded yet was recorded in one lump sum in the Q1
- Concluded payload service agreement (PSA) and data service agreement (DSA) with a Swedish company for contracts concerning Mission2⁽¹⁾



Swedish Company (Undisclosed)

Payload Service and Data Service Contracts

Partnership Service Contracts

- Concluded contracts of supporting company with CHIYODA Corporation, Bandai Namco Research Inc. and The University of Adelaide⁽²⁾



- Signed a long-term collaboration agreement with EPIROC AB⁽³⁾ and currently in a discussion of joining a HAKUTO-R corporate partnership program



(1)As it is significantly light weighted when compared to other Mission2 payloads, the impact on the forecast for the Fiscal Year Ending March 2024 is expected to be insignificant (2)The impact on the forecast is expected to be insignificant as it is already factored into the forecast (3)<https://www.epirocgroup.com/en/media/corporate-press-releases/2023/20230331-epiroc-partners-with-ospace-for-moon-missions>

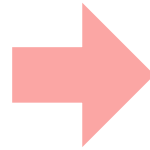
The New Basic Plan of Space Policy, which sets forth the basic policy for space policy for the next 10 years, has been officially decided by the government (June 2023)

Number of Times the Term “Lunar Surface” Appears

8

Former Basic Plan of Space Policy (2020)⁽¹⁾

- Indicates the policy of the government, which includes securing opportunities for Japanese astronauts to play an active role, utilizing the opportunity to join the Artemis Program which aims to realize continuous lunar surface exploration
- It did not indicate the details on how it will utilize private operators in lunar surface exploration



48

New Basic Plan of Space Policy (2023)⁽²⁾

- Promote industry through scientific and resource exploration, technical demonstration of foundation preparation as well as procurement of private services as much as possible and gradually develop activities by private operators
- In expectation of lunar surface economic sphere to be created, with an eye on such aspect, the government, together with JAXA, plans to implement support to promote early entry of private operators

(1)https://www8.cao.go.jp/space/plan/kaitei_fy02/fy02.pdf (2)https://www8.cao.go.jp/space/plan/plan2/kaitei_fy05/honbun_fy05.pdf

SBIR Program's project to promote innovative creation by small- to medium-businesses was officially announced. Aims to be selected for theme A (lunar surface lander development and operation demonstration)

Overview of SBIR (Small Business Innovation Research) ⁽¹⁾



- A program to promote innovative creation by promoting research and development by startups, etc. and smoothly applying the achievements on the society
- A system to increase opportunities granting subsidies and commissions by national organizations to research and development type startups, etc.

Requirements for Theme A (Lunar surface lander development and operation demonstration)⁽²⁾

Budget (1 total; maximum for subsidies)

12 Billion yen

- Positioned in Phase 3, a large-scale technology development and demonstration phase in the advanced technology field and in a phase to consider future public entity procurement and civilian applications
- Details of open call: development of lunar surface lander (design, manufacture and assembly) to transport payload of over 100kg to lunar surface and support demonstration concerning launch and operation (orbital maneuver and landing guidance and control)

(1)<https://sbir.csti-startup-policy.go.jp/about/develop.html> (2)<https://www.meti.go.jp/information/publicoffer/kobo/2023/k230714001.html>

A proposal was made to add fund supplying function to JAXA and launch 1 trillion yen “space development fund (tentative name)”⁽¹⁾

Fund Supplying Size

Approx.

1 Trillion yen

- A plan to supply fund of 1 trillion yen in private businesses over 10 years
- Create an environment that enables companies to easily participate in space development, which takes time for commercialization and has high risk

Initiatives in the U.S. and Europe

- Space agencies in the U.S. and Europe have a funding function for universities and private companies that are responsible for seed research, as well as for technology development by private companies that are seeking to commercialize their products

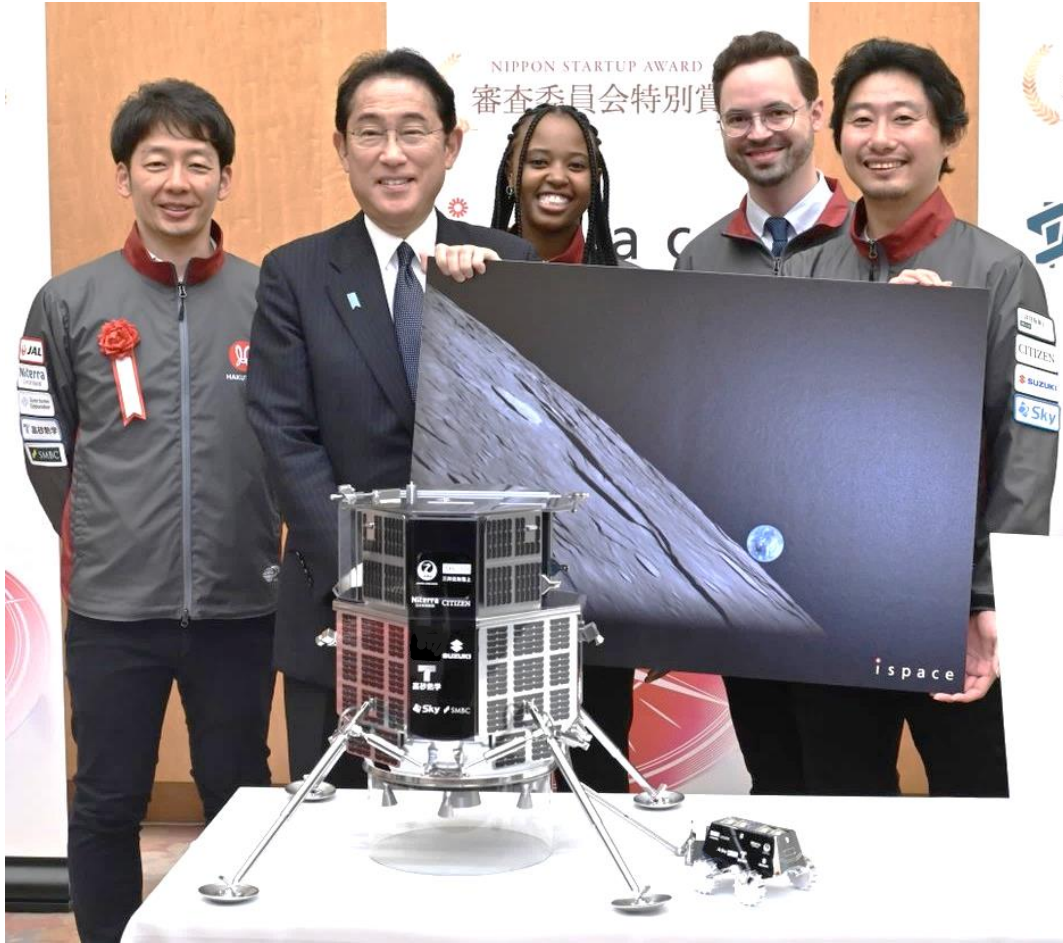


Proposed amendments

- Promote the manufacture of parts and development of technology in Japan
- Realize large investments in startups related to space development
- Expand procurement of services from startups

⁽¹⁾https://storage.jimin.jp/pdf/news/policy/205608_2.pdf

Our business has been highly evaluated among Japanese startups



Won Special Jury Award of Nippon Startup Awards

June 2023

Left Figure: Prime Minister Kishida and ispace Officers and Employees

Mission2 : Assembly of Series I lander for the next mission is preparing



Mission2

- Assembly and preparation underway towards Mission2 test in facility held by JAXA
- Plans for Mission 2 details to be announced in the future

Left Figure: Installing heater to a part called PSP on the bottom of a lunar surface lander

Mission3 : Ronald J. Garan Jr. assumes the position of US CEO



Above Figure: ispace, inc. CEO Takeshi Hakamada, ispace technologies U.S., inc. CEO Ronald J. Garan Jr.

Mission3

Ronald J. Garan Jr.

CEO, ispace technologies U.S. , inc.

- Earned a Bachelor of Science degree in Business Economics from the State University of New York College at Oneonta
- Selected for the U.S. astronaut program in July 2000 and joined NASA
- Completed his first spaceflight in the STS-124 space shuttle mission to the International Space Station (ISS) that delivered and assembled the Japanese Kibo laboratory in 2008
- Stayed in the ISS as long-duration stay crew for Expedition 27 - 28 in 2011 and lodged more than 178 days in space and over 27 hours of extravehicular activity in four spacewalks in total
- In addition to his career in the U.S. Air Force and as an astronaut, Mr. Garan is a serial entrepreneur who has founded and led multiple for-profit and non-profit organizations. Most recently, he has served as the President of a commercial space company based in Arizona, successfully guiding it through a period of significant growth

A black and white photograph of a lunar lander on the moon's surface. The lander is a complex, multi-legged vehicle with a large solar panel array on top. It is positioned on the left side of the frame, with the moon's cratered surface visible below it. In the background, the Earth is visible as a large, bright sphere in the upper right corner, partially obscured by the moon's horizon. The overall scene is set against the dark, starry void of space.

Financial Results : Q1 of Fiscal Year Ending March 2024

Income Statement

As agreements for the end of Mission1 were obtained from each customer, recording of Mission1 sales has been completed. Expect progress in sales as development of Mission3 progresses to full-scale⁽¹⁾

(Millions of yen)	FY2024 Q1	FY 2024/3	
	Results	Forecast	%Progress
Net Sales	815	6,196	13.2%
Gross Profit	571	1,408	40.6%
Gross Profit Margin	70.1%	22.7%	-
SG&A	1,681	8,527	19.7%
R&D	1,065	-	-
Salary and Allowance	222	-	-
Other SG&A	393	-	-
Operating Loss	(1,109)	(7,118)	-
Ordinary Loss	(1,375)	(7,885)	-
Net loss	(1,374)	(7,889)	-

Point

- With the end of Mission1, all 575 million yen, the amount not recorded within the total contract amount, was recorded in the first quarter. As cost recovery method is adopted, most of the amount recorded became gross profit. The fact that gross profit margin being a high level in the first quarter is a temporary event due to the end of mission
- Due to the delay in occurrence of cost for Mission3 compared to the initial forecast, sales from Mission3 to be recorded based on the cost recovery method is also delayed compared to the initial forecast. However, delay in such expenditure is expected to be caught up in and after the second quarter
- Aiming to receive insurance money for the lunar insurance contract, discussions with Mitsui Sumitomo Insurance Company, Limited are ongoing. The amount is not reflected in the forecast for the Fiscal Year Ending 2024

(1)As expenses are incurred, costs will be recorded under net sales because cost recovery method is adopted, net sales are expected to increase when development activities become full-scale and expenses occur

Excess liabilities were eliminated with the capital we raised at IPO. Secured financial stability with the achievement of 4.2 billion yen increase in cash and deposit from the end of the previous fiscal year

(Millions of yen)	FY 2024 Q1	FY 2023/3	
	Result	Result	%Change
Current Assets Total	10,055	5,730	75.9%
Cash and Deposit	7,611	3,381	125.1%
Short Term Advances	1,877	1,745	7.5%
Non-Current Assets Total	1,756	1,461	20.2%
Long Term Advances	1,140	1,148	(0.7%)
Total Assets Total	11,811	7,192	64.6%
Current Liabilities Total	4,323	4,123	5.4%
Advance Received	3,065	2,315	32.4%
Long Term Liabilities Total	4,871	5,416	(10.1%)
Long Term Debt	4,570	5,395	(15.3%)
Net Assets Total	2,617	(2,347)	-
(Interest-Bearing Debt)	5,029	6,778	(25.8%)

Point

Asset:

- Cash and deposit increased by about 4,230 million yen compared to the end of the previous fiscal year
 - IPO : Approximately +6,488 million yen⁽¹⁾
 - Repayments of borrowings : Approximately Δ 1,749 million yen
 - Other income and expenditures : Approximately Δ 509 million yen

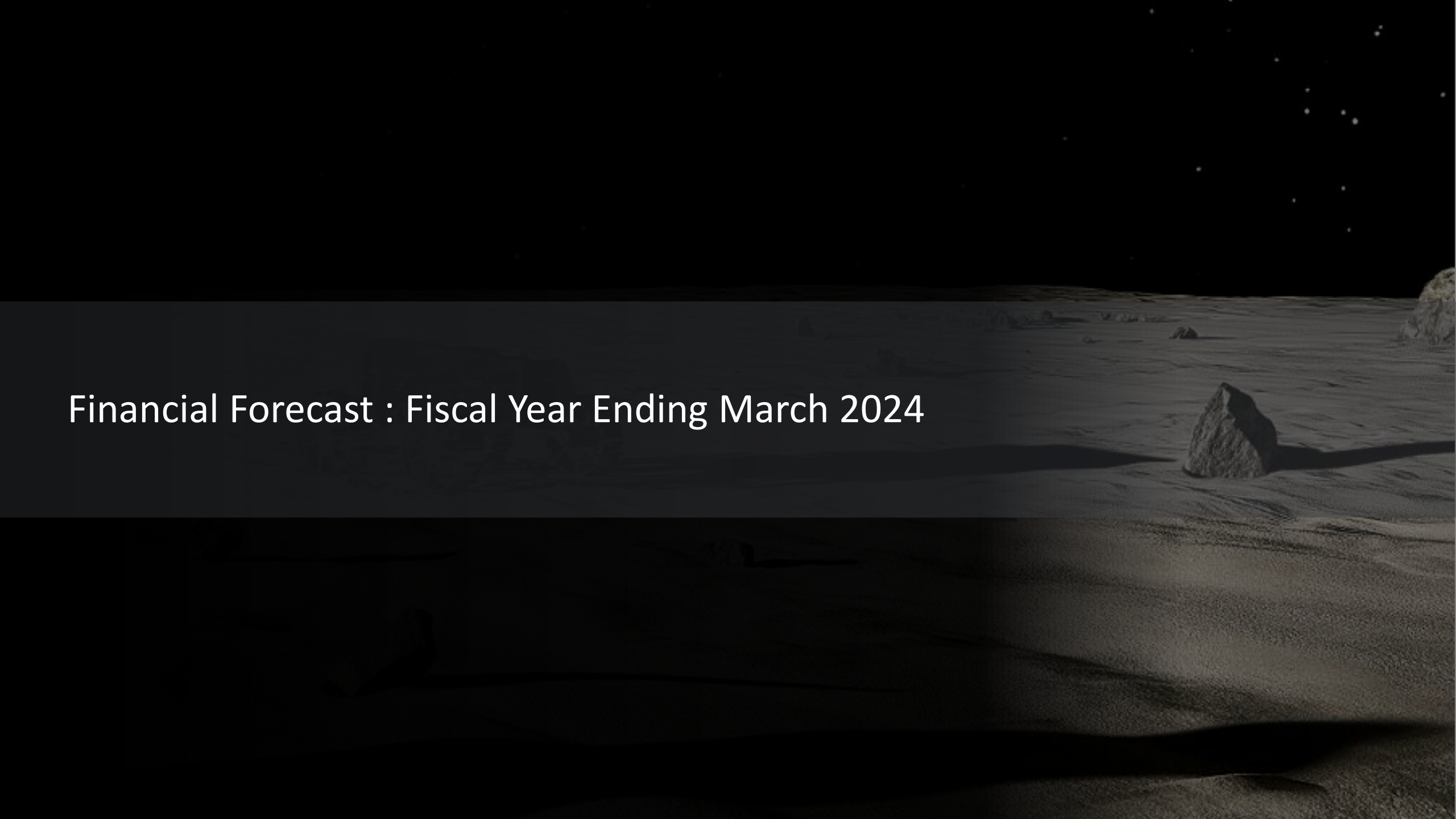
Liabilities:

- Advances received increased by approximately 750 million yen compared to the end of the previous fiscal year. This was mainly due to the payment from Draper regarding NASA CLPS of Mission3
- Interest-bearing liabilities decreased by approximately 1,749 million yen compared to the end of the previous fiscal year. This was due to scheduled repayments of part of borrowings by using capital raised at the IPO pursuant to the provisions in contracts

Net Assets :

- Excess liabilities were eliminated mainly due to the capital increase by the IPO

(1)Share capital and legal capital surplus increased by approximately 3.2 billion yen, respectively, due to the issuance of new shares through a paid public offering, with April 11, 2023 as the payment date, and through a paid third-party allotment, with May 10, 2023 as the payment date

The background of the slide is a dark, atmospheric landscape. The sky is black with several bright, out-of-focus stars or distant galaxies. The ground is a dark, textured surface, possibly sand or a rocky terrain, with a large, dark rock in the foreground on the right side. The overall mood is mysterious and futuristic.

Financial Forecast : Fiscal Year Ending March 2024

(Reposted) Mission2 plans landing and exploration of the Lunar surface. Mission3 plans to join NASA CLPS program as a member of Team Draper

Mission2 (Planned for 2024)

Using Series I lander and Micro Rover



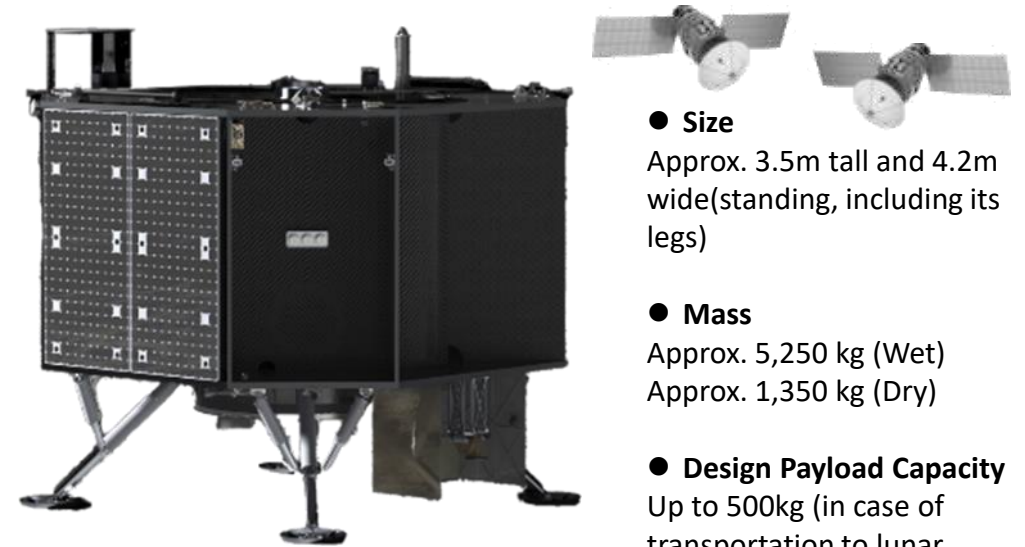
- **Lander Size:**
Approx. 2.3m tall and 2.6m wide(standing, including its legs)
- **Mass:**
Approx. 1,000 kg (Wet)
Approx. 340 kg (Dry)
- **Design Payload Capacity:**
Up to 30kg (in case of transportation to lunar surface)

Confirmed payload (Around \$16million):

- Takasago Thermal Engineering Co., Ltd. : Water electrolysis equipment
- National Central University, Taiwan : Radiation probe
- euglena Co.,Ltd. : Micro-algae cultivation module
- Swedish Private Company: details to be disclosed at a later date
- ispace : Micro Rover

Mission3 (Planned for 2025)

Using Series II lander and satellites in lunar orbit



- **Size**
Approx. 3.5m tall and 4.2m wide(standing, including its legs)
- **Mass**
Approx. 5,250 kg (Wet)
Approx. 1,350 kg (Dry)
- **Design Payload Capacity**
Up to 500kg (in case of transportation to lunar surface)

Confirmed payload (Around \$55million):

- Draper (NASA) : CLPS Payload (Multiple devices with a total weight of 95 kg)
- ispace : 2 Relay communications satellite

Other Prospects (Around \$36million):

- Multiple private companies : interim PSA⁽¹⁾

(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. It is not legally binding and there is no guarantee that a legally binding contract can be entered into pursuant to these Interim PSAs. Also, even if a legally binding agreement is entered into, the weights and amounts under such agreement may differ from the amounts stated in this the weights and amounts under such agreement may differ from the amounts stated in this document

Maintain financial forecast with expected recording of sales together with future occurrence of cost⁽¹⁾ for Mission3

(Millions of yen)	FY 2024/3	FY 2023/3	
	Full year forecast	Full year results	%Change
Net Sales	6,196	989	526.4%
Gross Profit	1,408	552	154.9%
Gross Profit Margin	22.7%	55.9%	-
SG&A	8,527	11,576	(26.3%)
Operating Loss	(7,118)	(11,023)	35.4%
Ordinary Loss	(7,885)	(11,378)	30.7%
Net Loss	(7,889)	(11,398)	30.8%

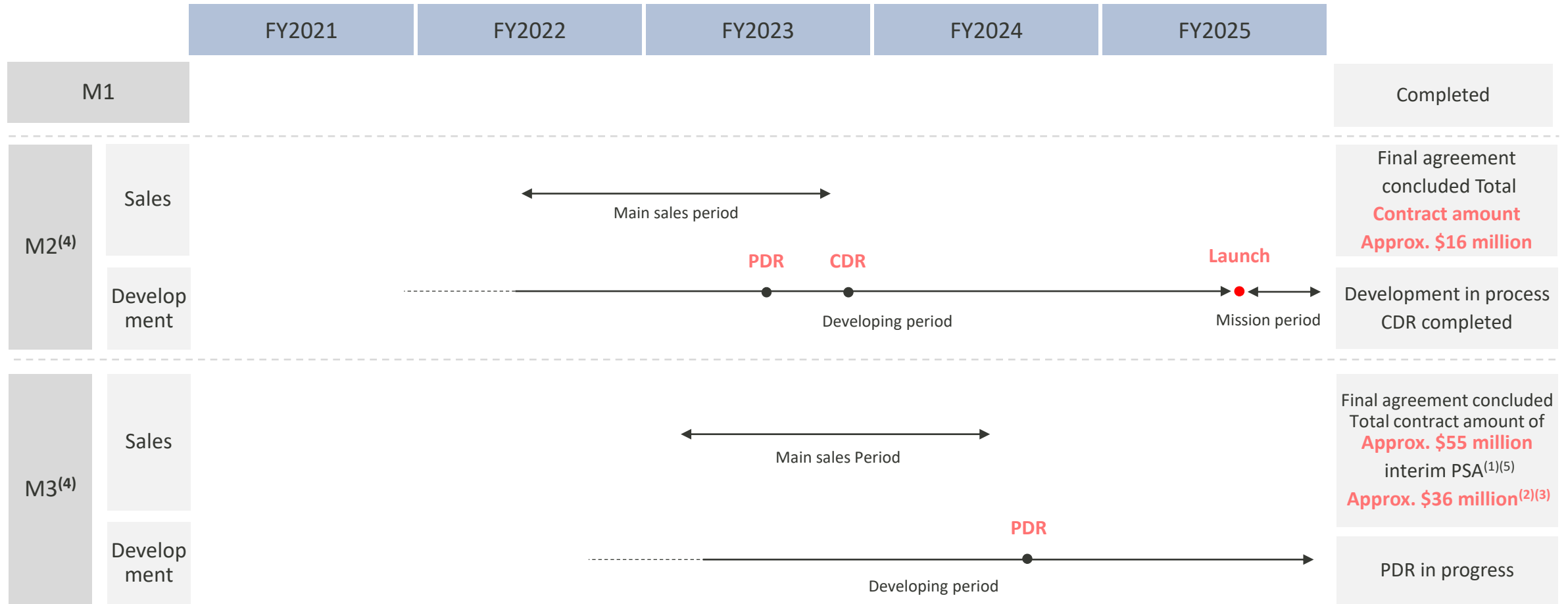
Point

- Increase in net sales of 5,207 million yen YOY is expected, as we plan to start recording Mission3, which we position as a full-scale commercial mission, in Fiscal Year Ending March 2024
- SG&A for the Fiscal Year Ending March 2024 is expected to be 8,527 million yen, 26.3% decrease YOY. R&D is expected to decrease YOY due to the absence of scheduled launch expenses, while increase in global workforce is planned
- For the Fiscal Year Ending March 2024, operating income is expected to increase by 3,905 million yen YOY and gross profit is expected to increase by 856 million yen YOY. These will be achieved mainly due to the final net sales recognition from the completion of the Mission1 and an increase in partnership sales

(1)As expenses are incurred, costs will be recorded under net sales because cost recovery method is adopted, net sales is expected to increase when development activities becomes full-scale and expenses occur

KPI

No new Mission3 contracts were concluded during the first quarter. Efforts are being made to turn interim PSA⁽¹⁾ into final agreements and to prepare for bidding projects by government organizations, etc., which do not require contracting step of interim PSA

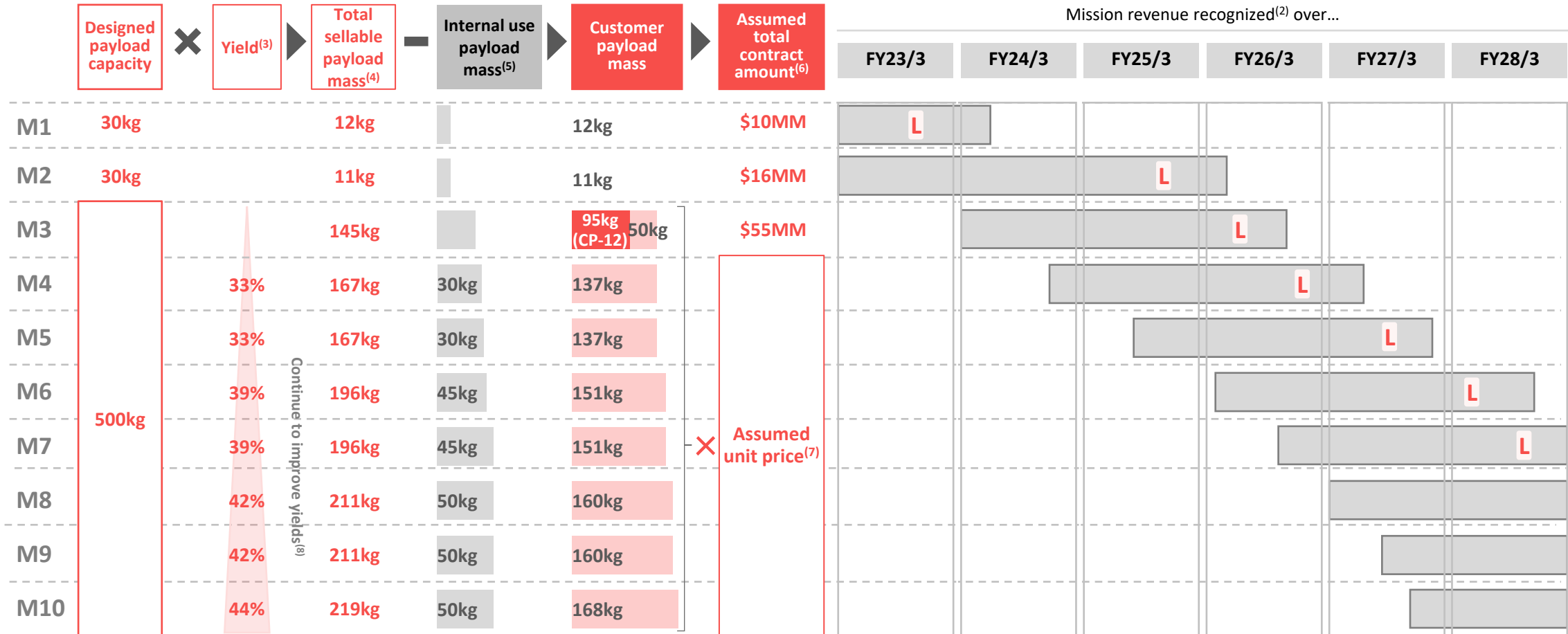


(1)Interim Payload Service Agreement (Mid-Contract on Payload) : Documents that serve as a prerequisite when negotiating to enter into a PSA which is a final agreement. It is not legally binding and there is no guarantee that a legally binding contract can be entered into pursuant to these interim PSAs. Also, even if a legally binding agreement is entered into, the weights and amounts under such agreement may differ from the amounts stated in this document (2)As of June 30, 2023 (3)Including the possible amount for M4 or after (4)The schedule for M2 and after is merely an anticipated schedule at the moment (5)Interim PSA are not legally binding, and there is no guarantee that legally binding contracts can be concluded based on Interim PSA. In addition, even if a legally binding agreement is executed, the weights and amounts under such agreements may differ from the amounts stated in this document

Illustrative Business Model

(Reposted) 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 June 2023. 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 June 2023
 (6) For M1, M2 and M3 (CP-12 only), the amount is the actual value based on each PSA
 (7) Assumed payload unit price as of June 2023 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 Mission1, the amount of sales that could not be recorded as sales was determined to be approximately 106 million yen(as disclosed on April 26, 2023)



Never Quit the Lunar Quest

私たちは歩み続けます