Financial Results Material for Q2 of Fiscal Year Ending March 2024

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

Table of Contents

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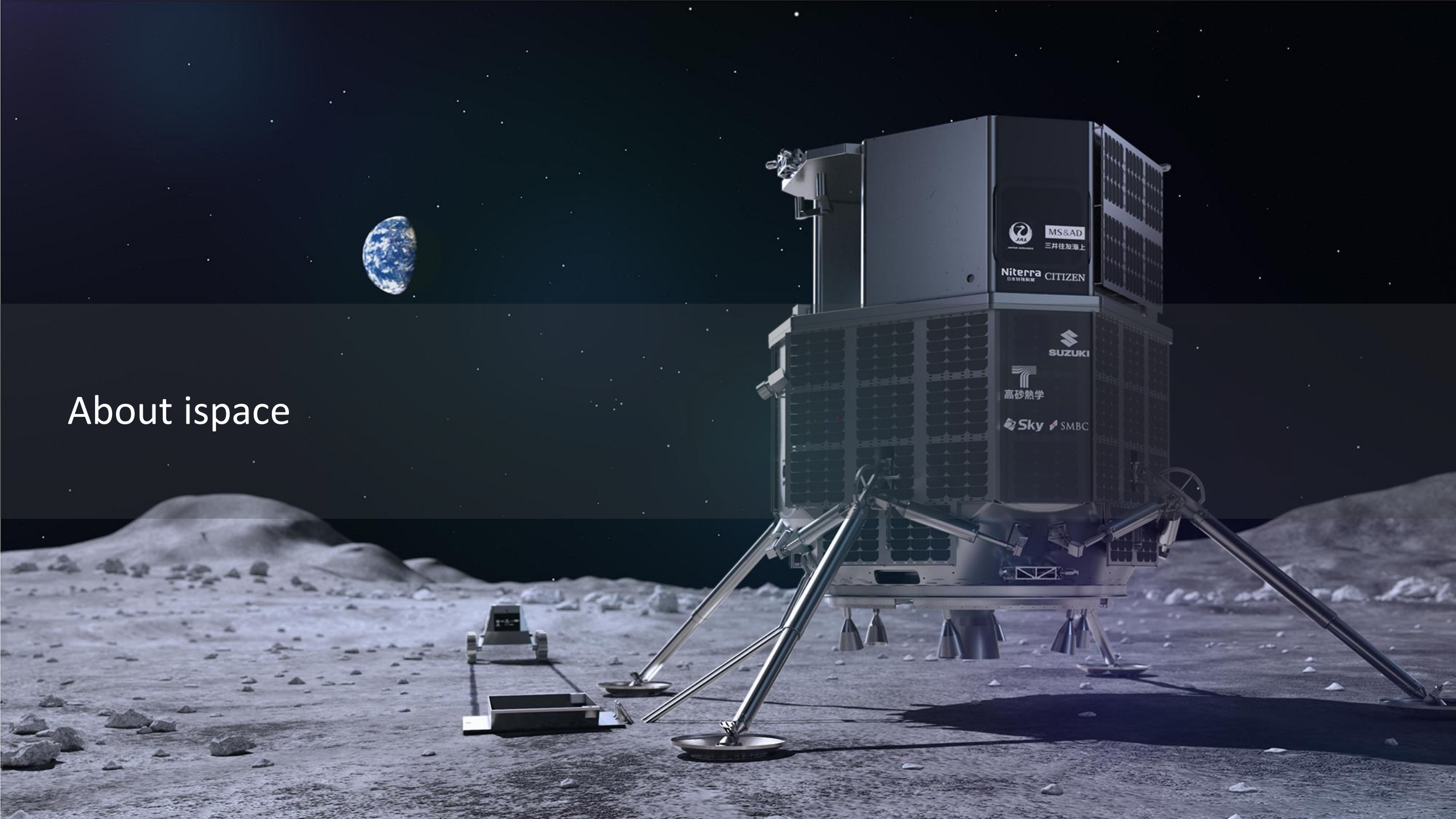
About ispace



EXPAND OUR PLANET.
EXPAND OUR FUTURE.

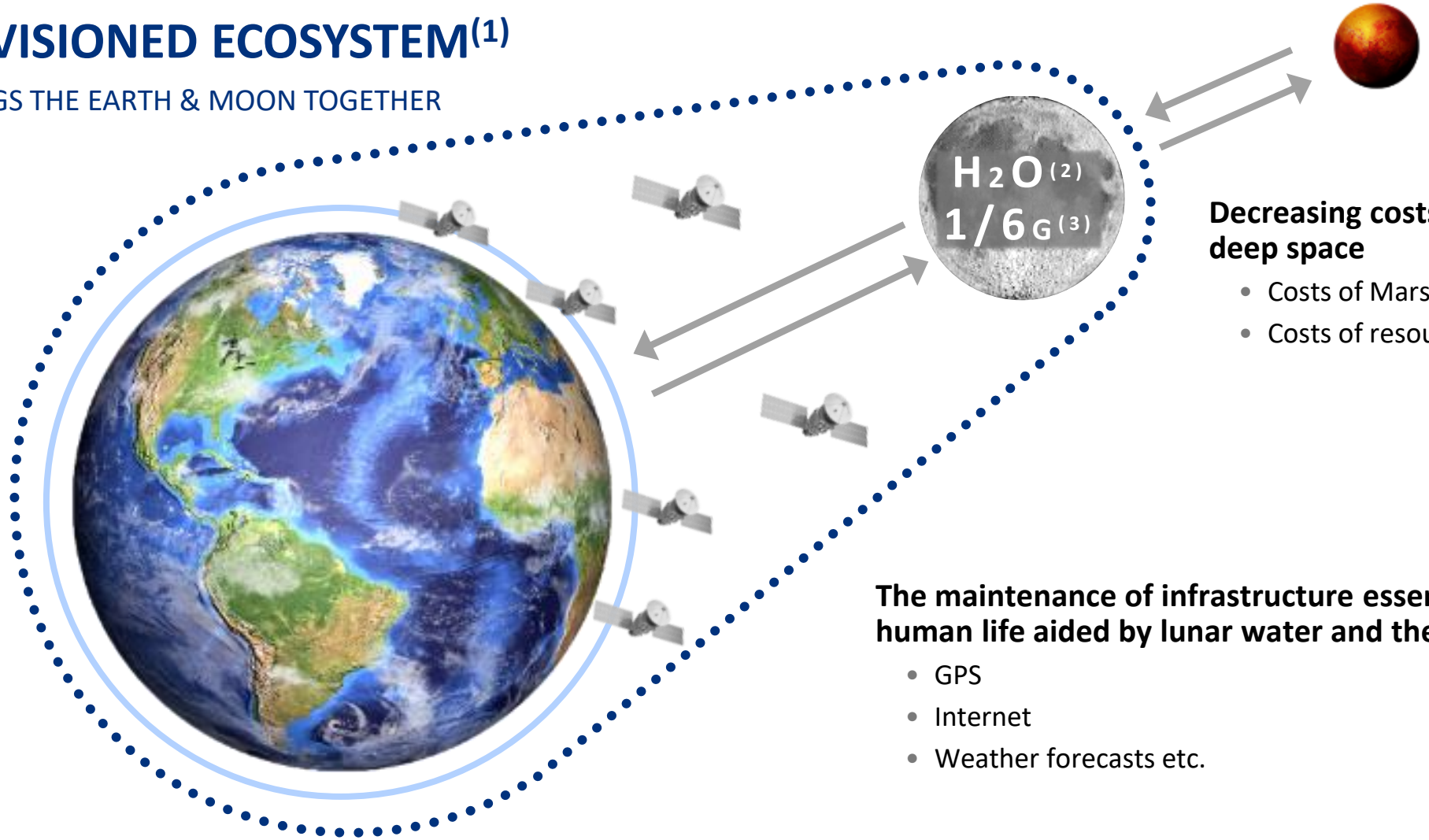
Creation of a world where the Earth and the Moon are one ecosystem, establishing a new economy on the Moon

- “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

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



Decreasing costs to access areas of deep space

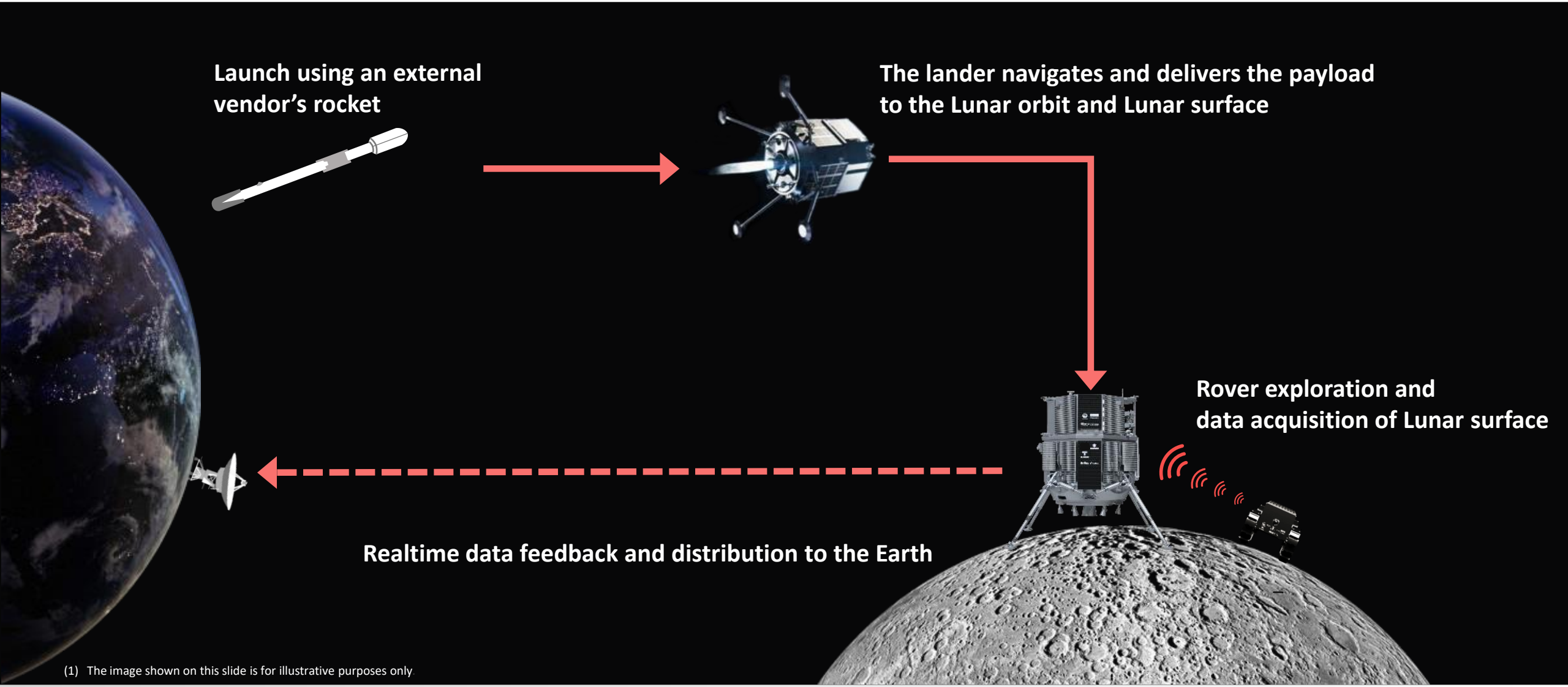
- Costs of Mars missions
- Costs of resource explorations etc.

The maintenance of infrastructure essential to sustainable human life aided by lunar water and the other resources

- GPS
- Internet
- Weather forecasts etc.

(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

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



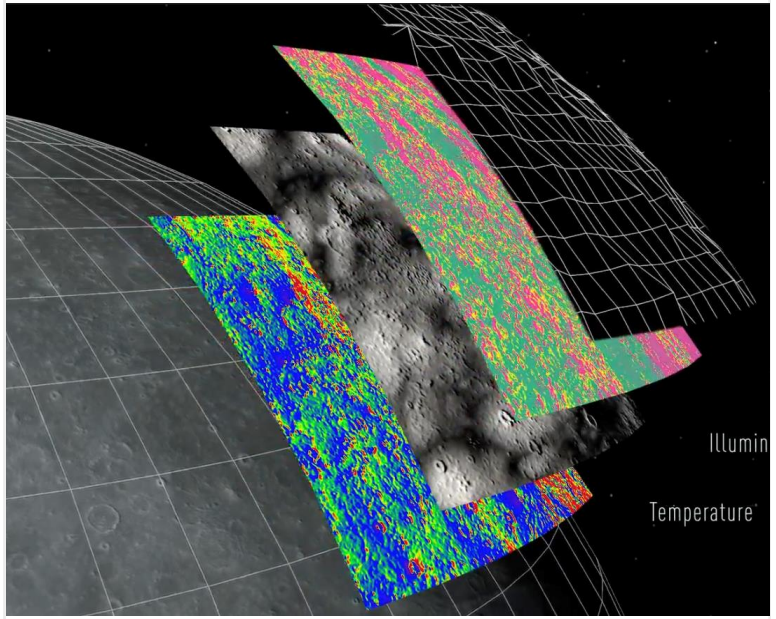
(1) The image shown on this slide is for illustrative purposes only.

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 Q2 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

Achievements

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

Announced Mission Schedule[(1)]

2022

ispace M1

2023

December 2023 :
(US) Astrobotic Technology

2024

January 2024 :
(US) Intuitive Machines

ispace M2

(US) Astrobotic Technology

(US) Firefly Aerospace

2025

(US) Intuitive Machines

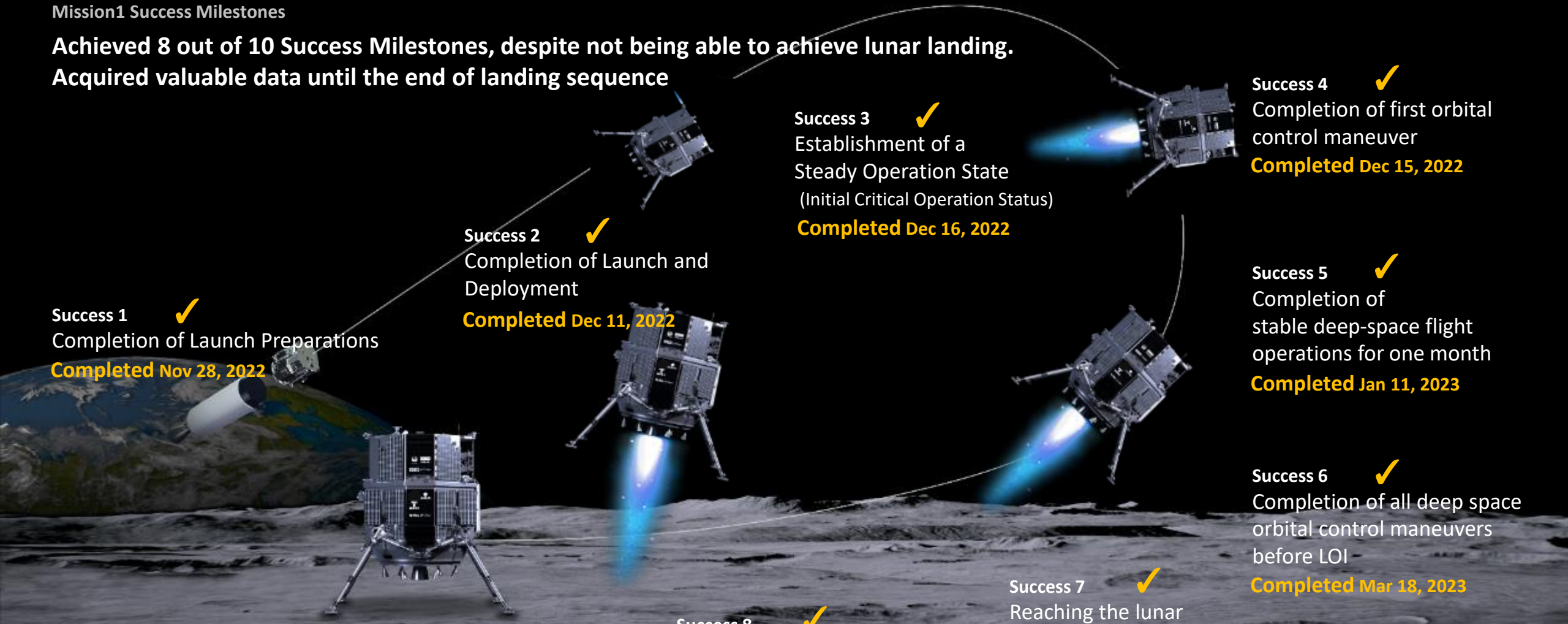
2026

ispace M3

(1) According to our research as of November 10, 2023

Mission1 Success Milestones

Achieved 8 out of 10 Success Milestones, 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

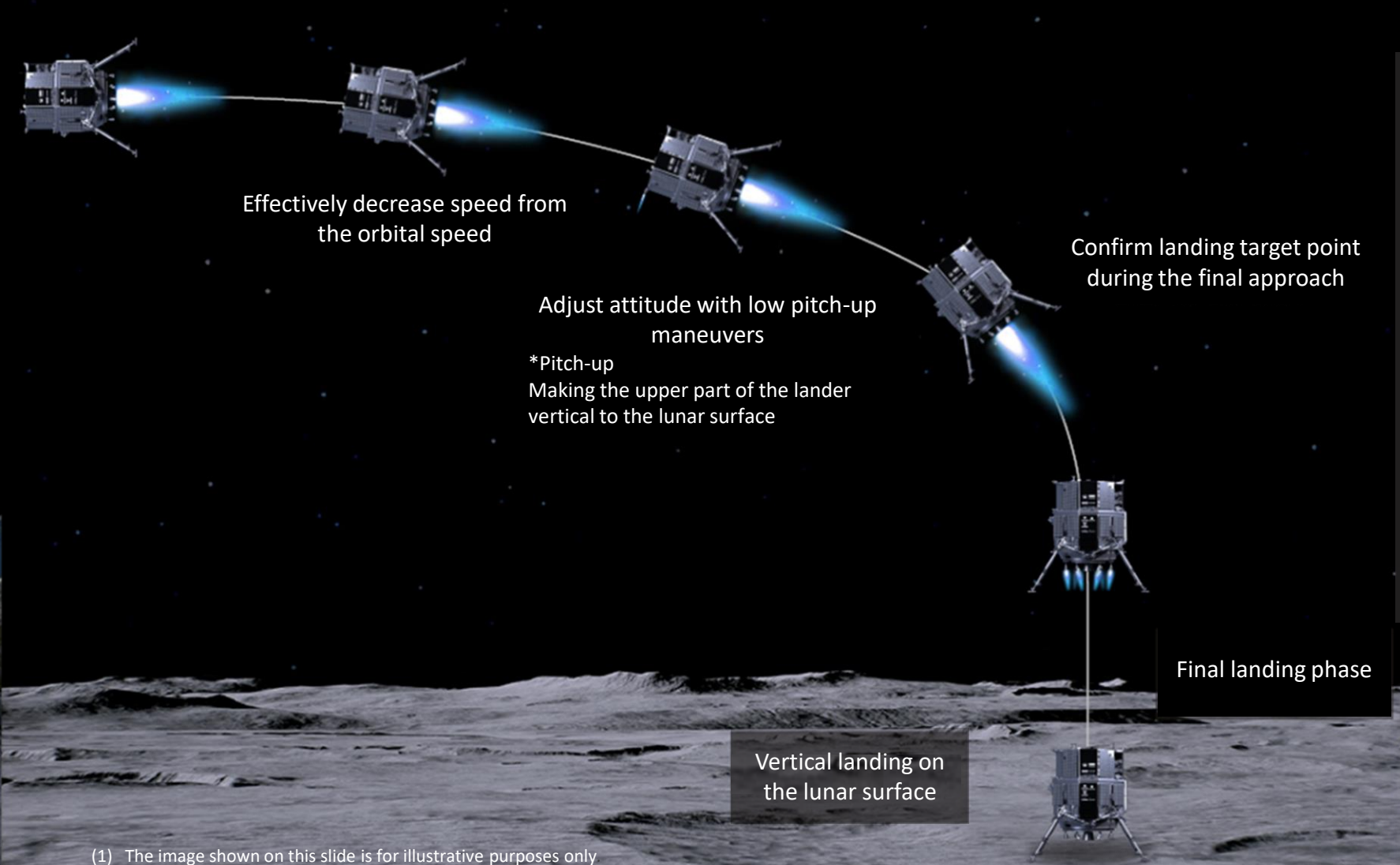
Success 9
Completion of lunar landing
Not completed

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

M1 Achievements

Became the first private company to reach the final lunar landing phase. Gained valuable data that can be used in future missions, and established the policy for Mission2 and beyond, considering the results of Mission1



- **Improve the reliability during Mission2 and future missions through the established mechanical design method that can withstand the harsh space environment**
- **Establish a more robust control system. Improvement of algorithms and parameters for efficient propellant utilization (ongoing since Mission1 operation)**
- **Improve customer payload accommodation and further improvement of camera image quality**
- **More efficient propellant management and performance prediction due to temperature changes. Achieve smoother and more efficient operation of monopropellant RCS thrusters**

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

Business Highlight : Q2 of Fiscal Year Ending March 2024

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

S B I R

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
  - Increases opportunities for granting subsidies and commissions by national organizations to research and development type startups, etc.
  - Establishes rules for public subscription and execution, as well as providing support for business activities, including the use of a voluntary contracting system for social implementation of R&D results, and providing consistent support from the initial stage of technological seeds to commercialization

(1) https://sbir.csti-startup-policy.go.jp/about/develop.html

Selected by Japan's Ministry of Economy, Trade and Industry for Small Business Innovation Research Grant(1)

12 Billion yen

Budget (maximum for subsidies)

- Selected by Japan's Ministry of Economy, Trade and Industry (METI) for a Small Business Innovation Research (SBIR) Theme A "Development and Operational Demonstration of a Lunar Lander" grant worth up to 12 billion yen(2)
- Supports demonstrations related to the development (design, manufacturing and assembly), launch and operation (orbit control and landing guidance control) of a lunar lander for transporting a minimum payload of 100 kg to the Moon's surface(3)

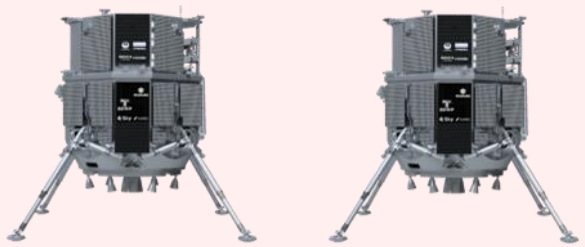
(1) *Under the SBIR Program, it aims to conduct a large-scale technology demonstration (Phase 3) to help realize social implementation by innovative R&D start-ups and to promote the implementation of advanced technologies owned by Japanese start-ups into society*
(2) *https://www.meti.go.jp/information/publicoffer/saitaku/2023/s231020001.html*
(3) *https://www.meti.go.jp/information/publicoffer/kobo/2023/k230714001.html*

In addition to Mission2 and Mission3, for which developments is currently in progress, the plan is to launch a mission that utilizes the SBIR Program by around 2027. Missions will be executed by developing landers in both Japan and the U.S.

Japan

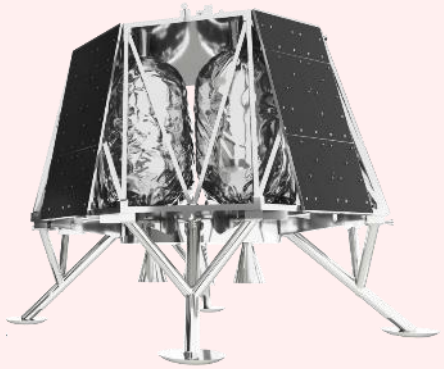
U.S.

Series 1 Lander



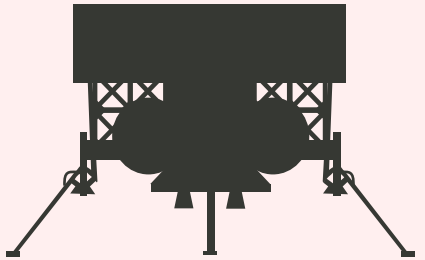
M1 (2022) — M2 (2024)

APEX 1.0 Lander



M3 (2026) — M4 — M5

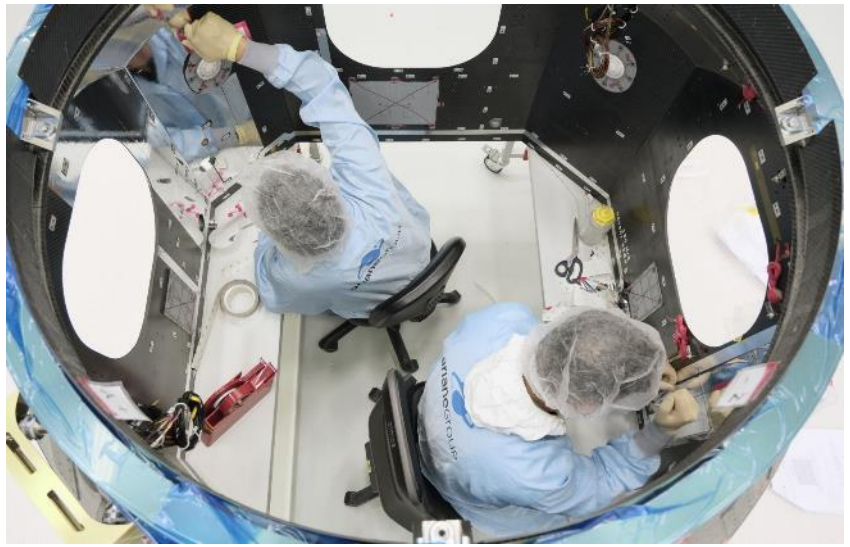
(Tentative) Series 3 Lander



M6 (2027)

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

Mission2: Assembly and preparation for the testing of the Series1 lander for the next mission are underway in Japan and Germany



Left image : Conducting assembly operations of monocoque of the lander at the facility held by JAXA
Top right image : Conducting taping operations inside monocoque for heat control at the facility in Germany
Bottom right image: Installing wire harnesses at the facility held by JAXA

Mission2
2024

- Assembly and preparation are underway for Mission2 test in a facility held by JAXA in Japan and in ArianeGroup's facility in Germany
- Micro Rovers developed by our European subsidiary will be transported to the lunar surface
- Contracted payload (Approx. USD 16MM)
  - Takasago Thermal Engineering Co., Ltd.
  - National Central University
  - euglena Co.,Ltd.
  - Swedish Private Company

Mission2
2024

Press Conference:
ispace Mission 2 Updates

Thursday Nov 16th 2023, 10:00 a.m. (JST)

YouTube

https://youtube.com/live/V5Xf7POM3qQ?feature=share

Mission3

2026

Mission3：ispace technologies U.S. has been selected for NASA CLPS Task Order CP-12 as a member of Team Draper and plans to deliver NASA's payload in Mission3. For Mission3, it has concluded a new PSA(1) with a U.S. private company and continues to cultivate other global customers

Selected for NASA CLPS Program*

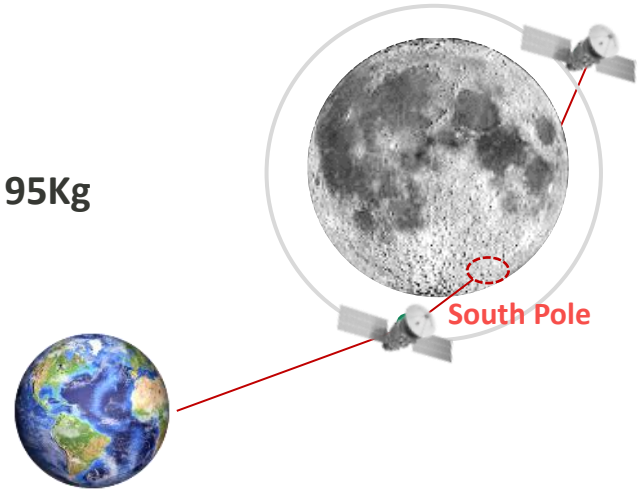
(Task Order CP-12)

Total contract amount：

Approx. USD 55MM

(Order Total： USD 73MM)

Assumed payload：**Approx. 95Kg**



***NASA Commercial Lunar Payload Services (CLPS) Program:** NASA's program to outsource services to private companies to transport payloads to the Moon with a budget plan of total USD 2.6 billion through 2028(2)

Payload Service and Data Service Agreements

RHEA SPACE ACTIVITY

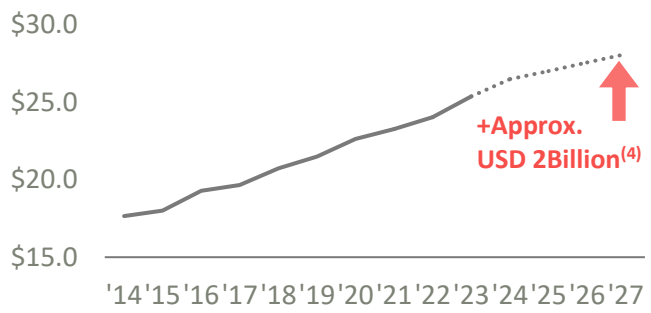
- Concluded a PSA, which is the final agreement, with Rhea Space Activity, Inc. (U.S.)

(1) Payload Service Agreement(PSA)
(2) https://www.nasa.gov/content/commercial-lunar-payload-services

Major space agencies in each country are increasing the size of their national budgets every year for the growth of the space business. Movements to utilize private companies have further increased

NASA (U.S.) Total Budget[1]

(USD BN)

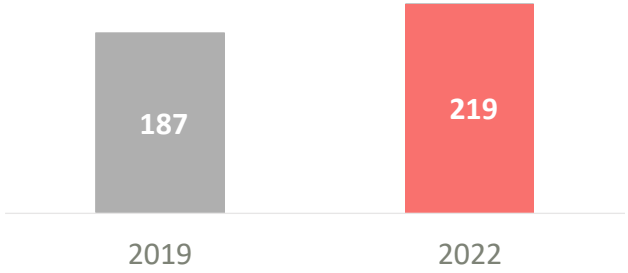


Plans to procure services from private companies for each program with the Artemis Program[5] in mind

- Commercial Lunar Payload Services(CLPS)[6] : A service that entrusts delivery of payloads to the Moon with private companies
- Near Space Network[7] : A service that entrusts the establishment of communication and tracking infrastructures and their use with private companies and government

JAXA (Japan) Total Budget[2]

(JPY BN)

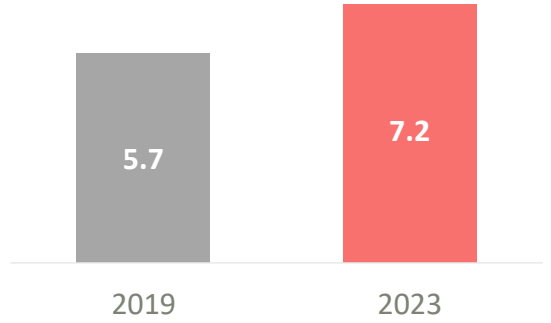


Approved by the Cabinet to establish space strategy funds at JAXA with the aim of providing a total of 1 trillion yen in total over ten years[8]

- The aim is to support technology development and commercialization in the space sector over multiple fiscal years by companies, universities, and other organizations
- Necessary related legislation is expected to be submitted to parliament as soon as possible

ESA (EU) Total Budget[3]

(EUR BN)



Initiated open calls targeting private companies concerning mission proposals for lunar surface exploration program[9]

- ESA initiated open calls for small-sized lunar mission proposals from private operators for the Terrae Novae Program, of which the core is a manned mission to the Moon
- Budget set at EUR 50MM, with development planned for launch within four and a half years[10]

(1) *https://www.planetary.org/space-policy/nasa-budget*
(2) *https://www.jaxa.jp/about/transition/index_j.html*
(3) *https://www.esa.int/ESA_Multimedia/Images/2019/01/ESA_Budget_2019, https://www.esa.int/ESA_Multimedia/Images/2022/01/ESA_budget_2022*
(4) *Difference between the budget amount for 2023 and the estimated budget amount for 2027*
(5) *https://www.nasa.gov/specials/artemis/*
(6) *https://www.nasa.gov/commercial-lunar-payload-services/*
(7) *https://www.nasa.gov/near-space-network/*
(8) *https://www5.cao.go.jp/keizai1/keizaitaisaku/2023/20231102_taisaku.pdf*
(9) *https://bsgn.esa.int/launchpad/call-for-commercial-services-products/*
(10) *https://www.esa.int/Enabling_Support/Preparing_for_the_Future/Discovery_and_Preparation/To_the_Moon_ESA_seeks_ideas_for_small_lunar_missions*

Concluded a memorandum of understanding with Skyroot and HEX20 aiming to create future demands for lunar orbiting satellite missions in the Indo-Pacific Region where further growth is expected going forward

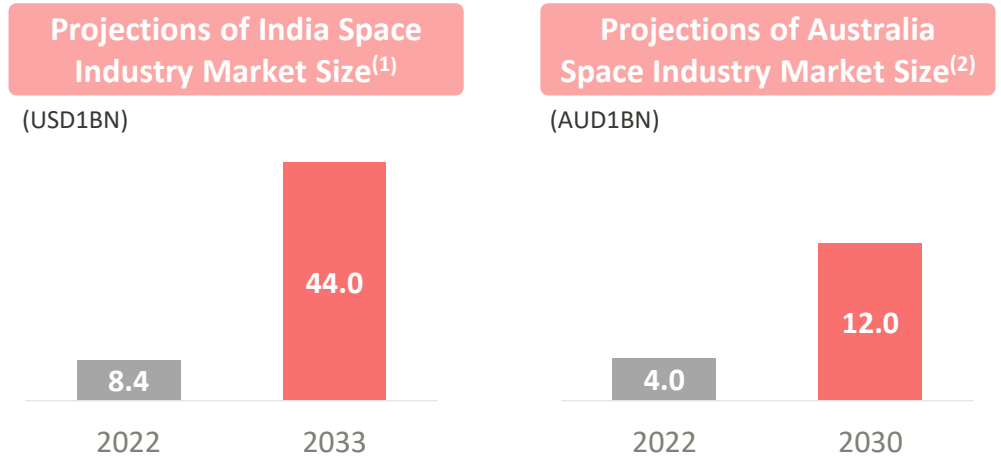
Conclusion of Memorandum of Understanding between Three Companies

SKYROOT AEROSPACE

HEX20 AUSTRALIA

- **Skyroot Aerospace Private Limited**
  Leading private space rocket company in India, which was the first to successfully launch a privately developed rocket into space
- **Hex20 Pty Ltd**
  Innovative Australian small satellite company with a proven track record in supplying components for CubeSats and small satellites

Aimed at creating demand in markets with high growth potential

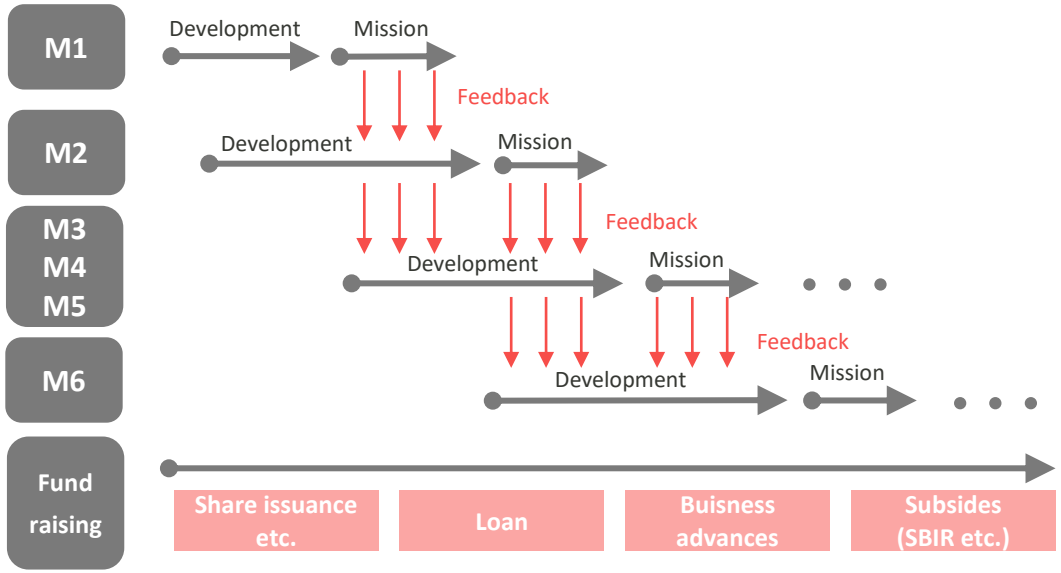


- The space market in the Indo-Pacific region is expected to have high growth potential in the future, and the demand for CubeSats and small satellites is expected to increase(3)
- Aiming to develop customers who are considering a lunar orbiting satellite mission and to provide services by leveraging the knowledge and networks of each party

(1) https://www.thehindu.com/sci-tech/science/indias-space-economy-has-potential-to-reach-35200-crore-44-billion-by-2033-with-about-8-of-global-share/article67403193.ece/amp/
(2) https://www.deloitte.com/au/en/services/consulting/perspectives/space-capability.html
(3) https://www.jetro.go.jp/ext_images/_Reports/02/2022/5623113461a83aee/202203.pdf

Newly raised a total of 5billion yen from Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd., and secured funds for parallel development of multiple missions

Business Model of ispace



- With the assumption of commercializing ongoing missions, multiple missions are developed in parallel, and a lump sum budget is secured from investors, financial institutions, and customers

New fundraising from financial institutions

Total of

5 Billion yen

- Concluded a new loan agreement of 3billion yen with Sumitomo Mitsui Banking Corporation in August 2023 and a new loan agreement of 2billion yen with Mizuho Bank, Ltd. in November 2023

(1) Only the loan agreement from SMBC has been reflected in the company's 2024 Q2 results

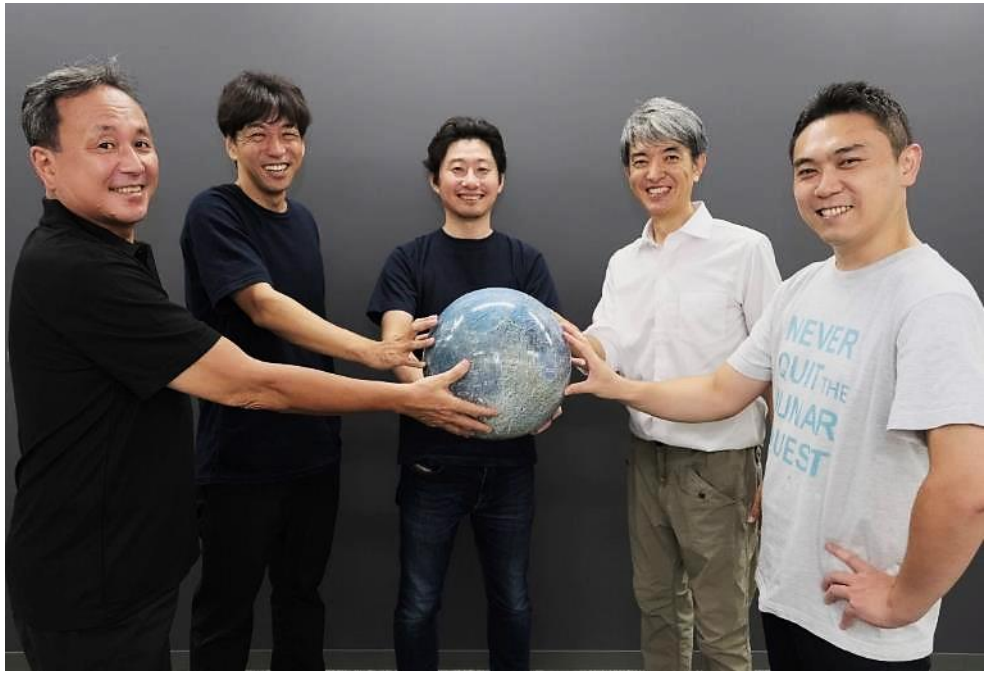
Kenichi Imamura has been appointed as the company’s new Chief People Officer (CPO), a new position established to accelerate the development of a global organization

CPO

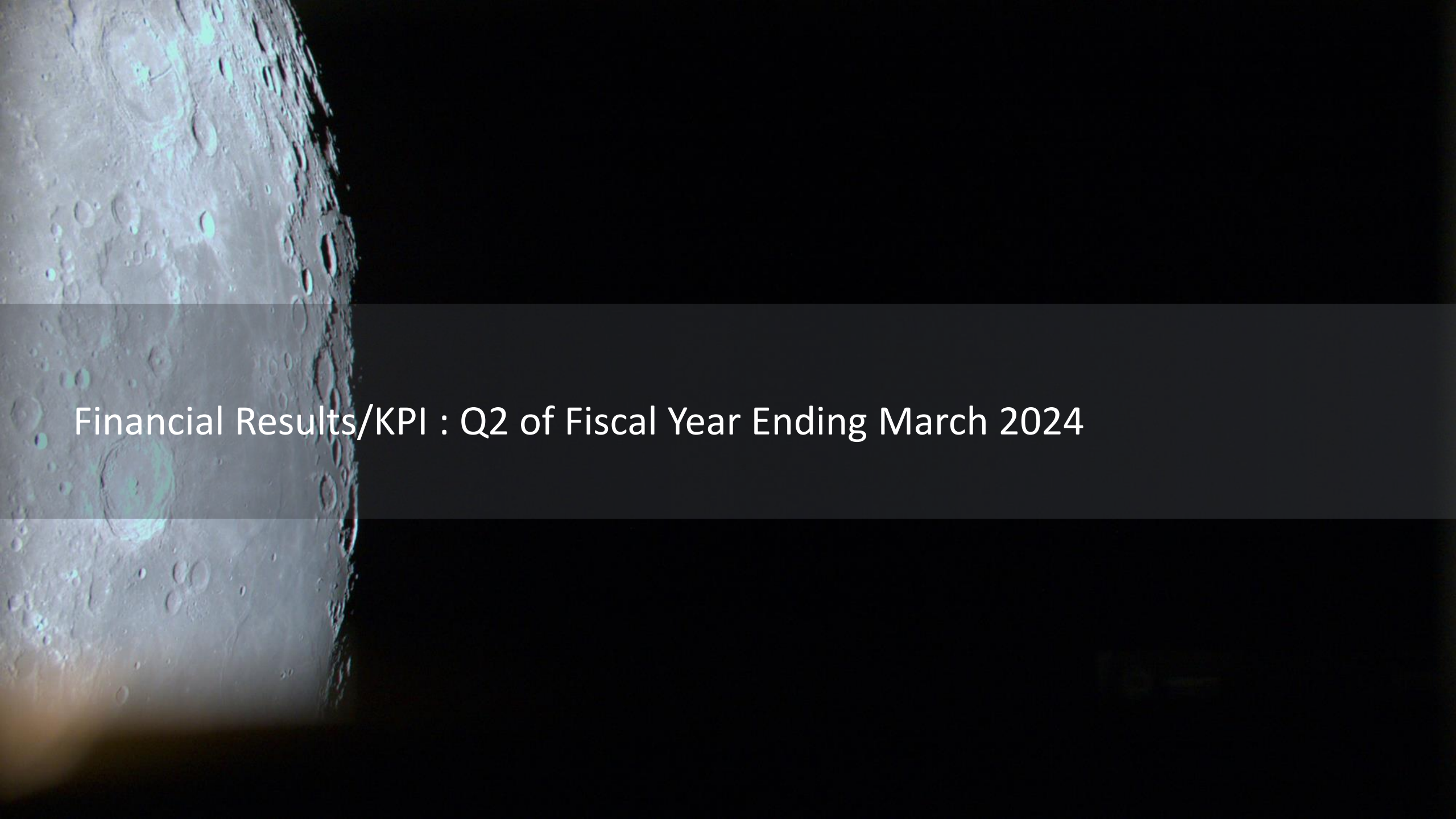
Kenichi Imamura

- Graduated from the Department of Naval Architecture and Ocean Engineering at the University of Tokyo
- At Recruit Co., Ltd., where he worked for 22 years, he spent over half of his career in human resources management and engaged in overall human resources operations centering on system design as well as management of holding companies and promotion of overseas businesses
- Also at Z Holdings, Inc., where he worked later, he oversaw human resource development and group organization restructuring as Executive Officer and General Manager of the Human Resources Department
- To realize his personal wish to create a bright future through people in the field of “space,” he joined ispace as CPO in October 2023

CPO Kenichi Imamura



From left：CRO Atsushi Saiki, CTO Ryo Ujiie, CEO & Founder Takeshi Hakamada, CPO Kenichi Imamura, CFO Jumpei Nozaki



Financial Results/KPI : Q2 of Fiscal Year Ending March 2024

Sales and profits of respective phases mostly progressed as in the forecast. Expect progress in sales as development of Mission3 progresses(1)

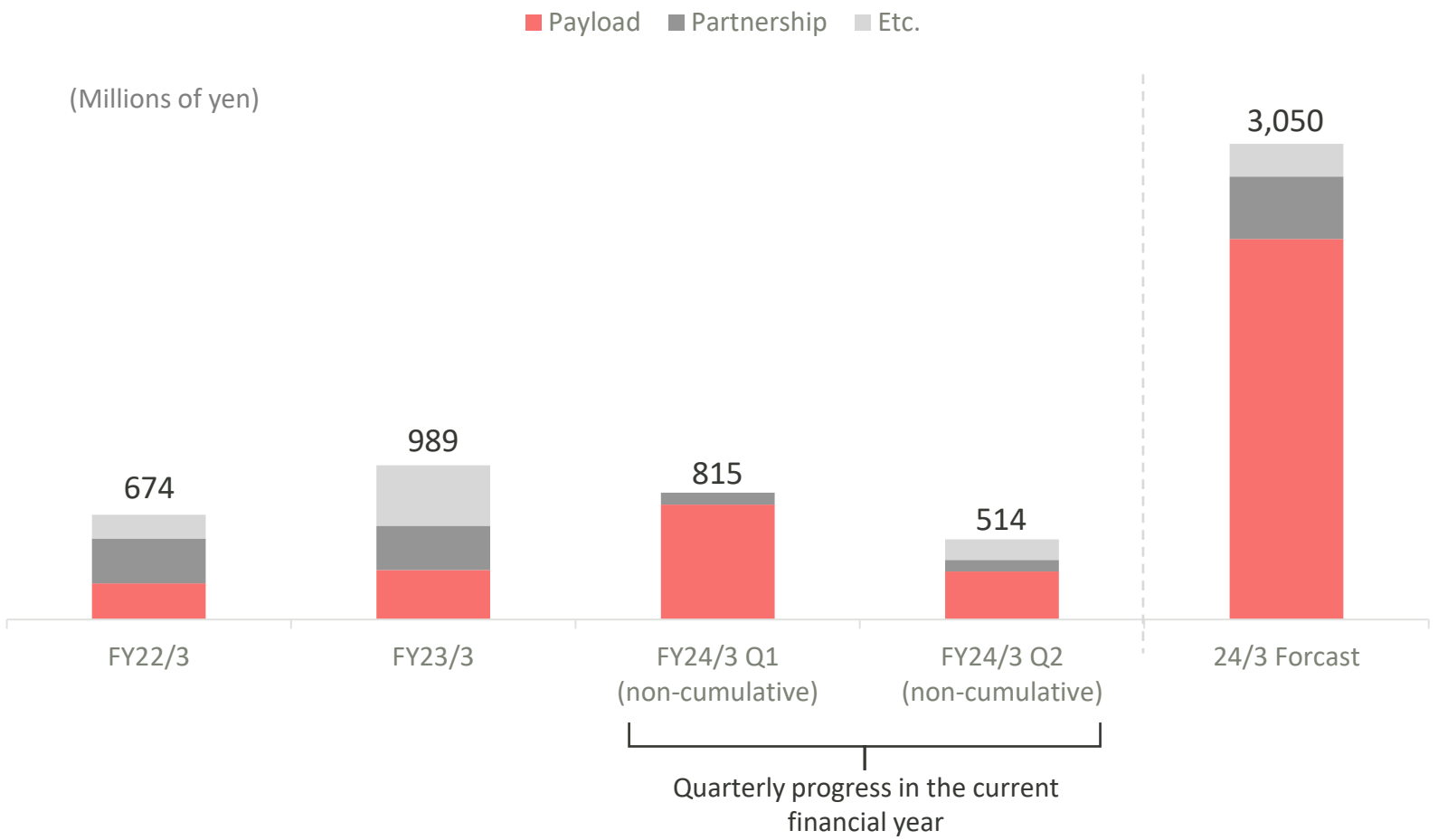
(Millions of yen)	FY2024 Q2 (cumulative) Results	FY2024 Q2 (non-cumulative) Results	FY 2024/3 Forecast	FY 2024/3 %Progress
Net Sales	1,330	514	3,050	43.6%
Gross Profit	686	114	1,114	61.6%
Gross Profit Margin	51.6%	22.2%	36.5%	-
SG&A	2,727	1,045	8,296	32.9%
R&D	1,637	571	-	-
Salary and Allowance	430	208	-	-
Other SG&A	659	265	-	-
Operating Loss	△2,041	△931	△7,182	-
Ordinary Loss	△2,257	△882	△8,297	-
Net Profit/Loss	1,537	2,912	△4,504	-

Point

- **Net Sales:**
  Net sales and profits of each level are mostly progressing in line with the full-year consolidated forecast announced on September 28, 2023
- **Net Profit/Loss:**
  Received insurance payment in August 2023 based on lunar insurance contract and recorded as extraordinary income

(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

Full contribution to accounting figures from Mission3 payload sales, which will become a fully commercial mission, is expected to begin from FY2024, with a significant increase in revenues expected



Point

- Payload sales for FY2024 are expected to increase significantly year-on-year due to the start of full-scale sales contribution from Mission3
- Q2 progressed steadily with the inclusion of Mission3 sales (Q2 non-cumulative sales were lower than Q1 non-cumulative sales due to a temporary increase in sales following the completion of Mission1)
- Note that quarterly sales may continue to increase or decrease, depending on development costs incurred

Balance Sheet

Liquidity on hand and financial stability improved with additional borrowings and receipt of lunar insurance payment. In addition, steady business progress led to increased advance payments to suppliers and advances received

(Millions of yen)	FY 2024 Q2 Result	FY 2023/3 Result	FY 2023/3 %Change
Current Asset Total	13,498	5,730	135.5%
Cash and Deposit	11,522	3,381	240.7%
Short Term Advances	1,486	1,745	△14.9%
Non-Current Asset Total	4,878	1,461	233.7%
Long Term Advances	3,616	1,148	215.0%
Total Assets Total	18,377	7,192	155.5%
Current Liabilities Total	7,887	4,123	91.3%
Advance Received	3,765	2,315	62.7%
Long Term Liabilities Total	4,877	5,416	△10.0%
Long Term Debt	4,570	5,395	△15.3%
Net Assets Total	5,612	△2,347	-
（Interest-Bearing Debt）	8,020	6,778	18.3%

Point

Asset：

- Cash and deposits increased by approximately 8,141 million yen compared to the end of the previous fiscal year
- Long term advances increased by approximately 2,468 million yen compared to the end of the previous fiscal year
  - Mainly due to payment of launch costs

Debt：

- Advance received increased by approximately 1,450 million yen compared to the end of the previous fiscal year
  - Mainly due to deposits from Draper associated with NASA CLPS

- Interest-bearing liabilities increased by approximately 1,242 million yen compared to the end of the previous fiscal year
  - Q1 results：△1,749 million yen
  - Additional borrowing from SMBC：+3,000 million yen
  - Other repayments：△9 million yen

With the execution of the IPO and new borrowings, cash flows from financing activities increased, which led to a large increase in cash and deposits compared to the end of the previous fiscal year. Established a stable financial foundation

(Millions of yen)	FY2024 Q2(cumulative) Result	FY 2023/3 Full-years results
Net cash provided by (used in) operating activities	374	△7,322
Net cash provided by (used in) investing activities	△501	△90
Free cash flow	△127	△7,412
Net cash provided by (used in) financing activities	7,807	4,364
change by share issuance	6,563	0
change by long-term borrowings	△674	4,465
change by short-term borrowings	1,916	△99
Net increase (decrease) in cash and cash equivalents	8,141	△2,950
Effect of exchange rate change on cash and cash equivalents	460	97
Cash and cash equivalents at end of period	11,522	3,381

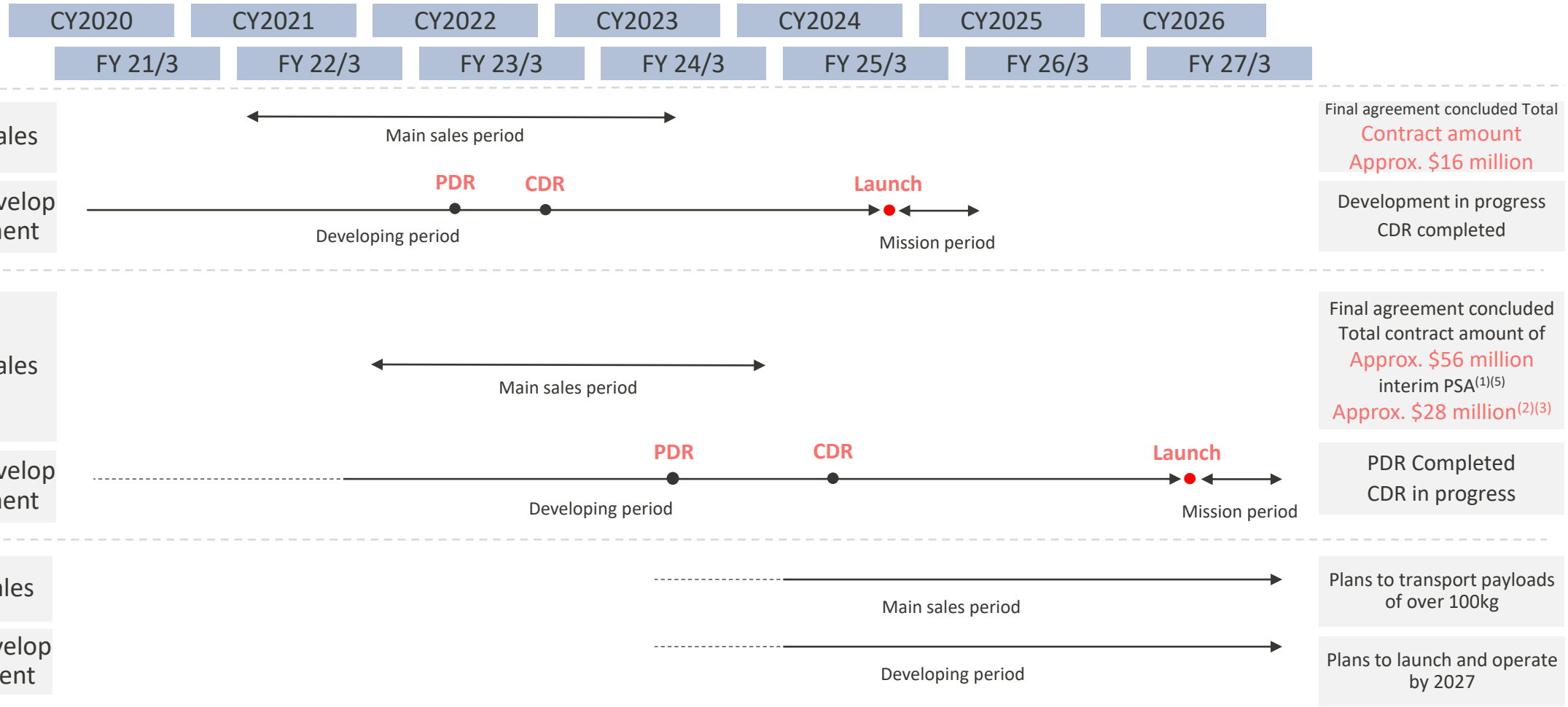
Point

- Operating cash flow improved by approximately 3.8 billion yen by receiving lunar insurance money
- Capital increase of approximately 6.5 billion yen at the IPO in April 2023
- Executed 3 billion yen of short-term debt from Sumitomo Mitsui Banking Corporation
- Executed 2 billion yen of long-term borrowings from Mizuho Bank, Ltd. in November 2023 as disclosed in the timely disclosure(planned to be posted in the 3Q of the fiscal year ending March 2024)
- As disclosed in the previous timely disclosure, the timing of the receipt and recording of the subsidies (maximum of 12 billion yen) from SBIR will be decided following the discussion between the Ministry of Economy, Trade and Industry and the organization that establishes the fund, to be held after the application for issuance of the funds is made(1)

(1) *https://ssl4.eir-parts.net/doc/9348/tdnet/2346989/00.pdf*

KPI

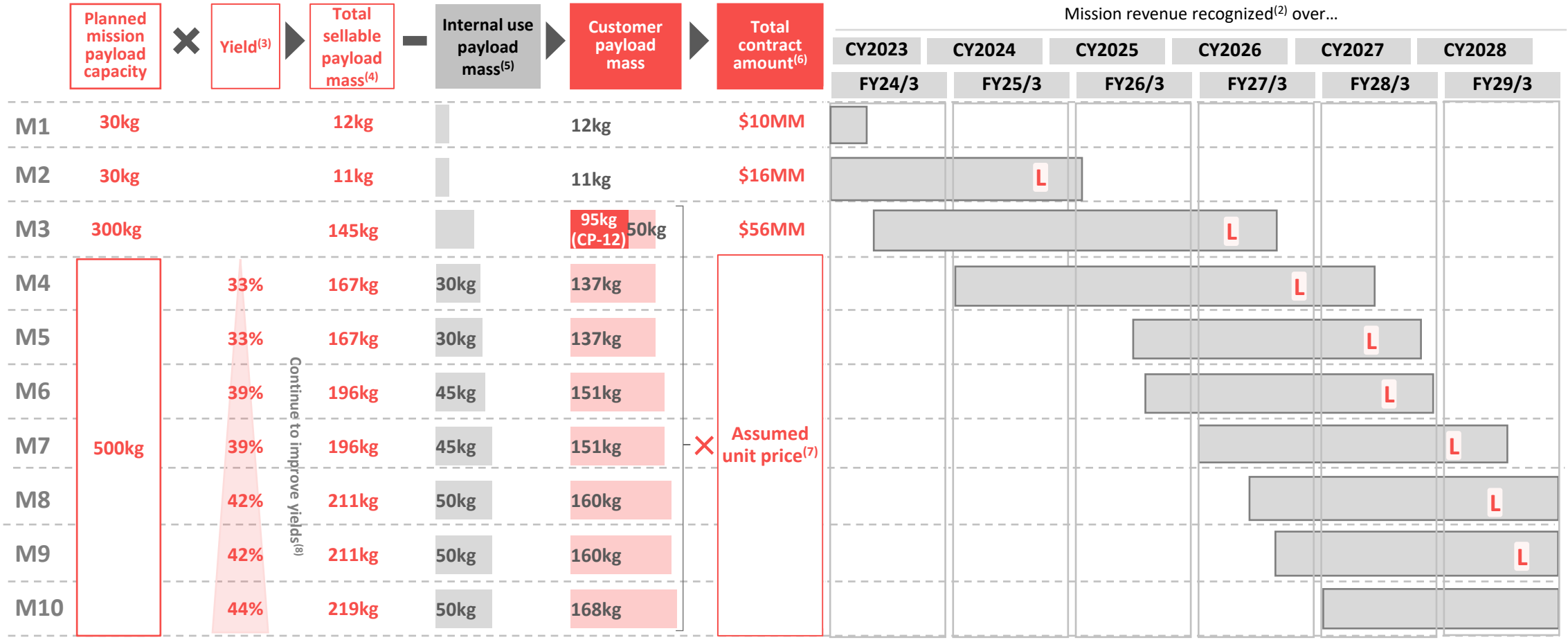
CDR for the M3 Lander development is expected to be completed by the end of next fiscal year. From the marketing aspect, the aim continues to be turning the interim PSA(1) into final agreements and obtaining new PSAs with both government organizations and private operators



(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 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 10th, November 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 10th, November 2023*
(6) *For M1, M2 and M3, the amount is the actual value based on each PSA as of 10th, November 2023*
(7) *Assumed payload unit price as of 10th, November 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