

March 13, 2024

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Securities code: 9348; Growth Market
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Notice regarding Issuance of New Shares through an International Offering

ispace, inc. (“ispace”) hereby announces that its Board of Directors, at a meeting held on March 13, 2024, has resolved to issue new shares through an international offering (the “Offering”) as set forth below.

<Background to and Purposes of the Offering>

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

ispace group (the “Group”) is currently developing landers for lunar landing (lunar landers) and rovers for lunar surface exploration (lunar rovers) and aims to improve their quality through a cycle that consists of repeated missions and solid research and development. The Group believes that this quality improvement cycle can be uniquely achieved by private companies and is difficult for traditional government-led space missions to implement. Further, the Group also aims to achieve consistent production quality of lunar landers and lunar rovers through mass production.

ispace has decided to pursue the Offering to further accelerate the technological quality-improvement cycle and to accommodate the market demand which is expected to expand, while maintaining a stable financial base.

The Offering will take place exclusively in overseas markets outside Japan. Through the Offering, ispace aims not only to secure financial resources for growth-oriented investments and financial resources for business operations, but also to further improve stock liquidity while expanding its investor base and diversifying its stock ownership structure.

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of making a public announcement regarding the Offering, and not for the purpose of soliciting investment, etc. within or outside Japan. This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from the registration requirements under the Securities Act. No public offering of the securities will take place in the United States. Since the solicitation regarding the issuance of new shares of ispace referred to in this press release is made outside Japan only to non-residents of Japan, no filing and notification under the Financial Instruments and Exchange Act of Japan will be made and no prospectus will be prepared.

1. Issuance of New Shares through the Offering

- (1) Class and Number of Shares to be Offered Up to 20,591,900 new shares of common stock of ispace which is the sum of (i) and (ii) below.
- (i) 16,539,700 new shares of common stock of ispace to be underwritten and purchased by the Lead Manager (as referred to in (4) below).
- (ii) Up to 4,052,200 shares of common stock of ispace which may be additionally underwritten and purchased by the Lead Manager (as referred to in (4) below).
- The number of shares to be additionally underwritten and purchased by the Lead Manager as referred to in (ii) above will be determined on the Pricing Date (as referred to in (2) below) by the Lead Manager (as referred to in (4) below) based on investor demand for the shares and market conditions.
- (2) Method of Pricing The amount to be paid in will be determined on any date falling in the period from March 25, 2024 to March 28, 2024 (the “Pricing Date”) by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (“JSDA”).
- (3) Increases in the Amounts of Capital Stock and Capital Reserve The amount of capital stock to be increased will be half of the maximum amount of capital stock increase, as calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the capital reserve increase shall be the amount obtained by subtracting the amount of capital stock increase as described above from the maximum amount of capital stock increase.
- (4) Method of Offering The Offering will take place exclusively in overseas markets outside Japan (with the offering in the United States restricted to sales to Qualified Institutional Buyers as defined under Rule 144A of the U.S. Securities Act of 1933). The aggregate number of new shares as referred to in (1)(i) above will be underwrite and purchased by the Sole Bookrunner and Lead Manager (the “Lead Manager”). Based on investor demand for the shares and market conditions, the Lead Manager may underwrite and purchase an additional amount of shares up to the amount as referred to in (1)(ii) above.
- The issue price (offer price) will be determined on the Pricing Date based on the provisional range calculated

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by multiplying the closing price of regular trading of ispace's common stock on Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted on that date, the closing price of the immediately preceding date) by 0.90 ~ 1.00 (with any fraction less than one yen being rounded down), by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by JSDA, taking into account investor demand and other conditions.

- (5) Compensation for the Lead Manager ispace will not pay any underwriting fees to the Lead Manager. The aggregate amount of the difference between (a) the issue price (offer price) and (b) the amount to be paid in (the amount to be paid to ispace by the Lead Manager) will be retained by the Lead Manager.
- (6) Payment Date The Payment Date will be any day in the period from March 28, 2024, to April 2, 2024; provided, however, such Payment Date corresponding to the Pricing Date shall be as follows.
- (i) If the Pricing Date is March 25, 2024 or March 26, 2024, the Payment Date shall be March 28, 2024.
- (ii) If the Pricing Date is March 27, 2024, the Payment Date shall be April 1, 2024.
- (iii) If the Pricing Date is March 28, 2024, the Payment Date shall be April 2, 2024.
- (7) Delivery Date The Delivery Date will be the business day following the Payment Date above.
- (8) Subscription Unit 100 shares
- (9) The amount to be paid in, the amount of increase in capital stock and capital reserve, the issue price (offer price) and any other matters necessary for the Offering will be determined at the discretion of Takeshi Hakamada, Representative Director and CEO.

2. Change in the Number of Outstanding Shares as a Result of the Capital Increase

Total number of Outstanding Shares:	82,698,563 shares	(as of January 31, 2024) (note 1)
Number of shares to be increased by the Offering:	20,591,900 shares	(note 2)
Total number of Outstanding Shares after the Offering:	103,290,463 shares	(note 2)

(note 1) As ispace has issued stock acquisition rights, the figures above are as of January 31, 2024.

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(note 2) The figures above are calculated based on the assumption that all shares which may be additionally underwritten and purchased by the Lead Manager, as described in (1)(ii) above under “1. Issuance of New Shares through the Offering”, 4,052,200 shares of ispace’s common stock, will be underwritten and purchased by the Lead Manager. The number of shares to be additionally underwritten and purchased by the Lead Manager will be determined on the Pricing Date by the Lead Manager based on investor demand for the shares and market conditions.

3. Use of proceeds raised by the Offering

ispace intends to use the estimated net proceeds of approximately 14,569 million yen from the Offering as follows:

- (i) Investments in and loans to ispace technologies U.S., inc. (“ispace US”) (11,500 million yen by November 2025)

ispace intends to make investments in and loans to its consolidated subsidiary, ispace US. Of such amount, 1,829 million yen will be used to partially cover the purchase cost of the two relay satellites to be deployed in Mission 3, 5,750 million yen will be used as part of the launch cost(*) for Falcon 9 rocket of Space Exploration Technologies Corp (“SpaceX”) to be used for Mission 3, and 3,921 million yen will be used towards manufacturing costs of the lander for Mission 3.

The two relay satellites to be deployed in Mission 3 will be manufactured by Blue Canyon Technologies Inc. and will receive operational support from Advanced Space, LLC. Even after the completion of Mission 3, the two relay satellites that are to be deployed into lunar orbit will remain operational for a certain period of time. Therefore, if there is demand to deliver payloads to a similar location, these relay satellites are expected to be a major advantage in acquiring orders in subsequent missions.

ispace has selected SpaceX as the launch provider for Mission 3, as it did for Mission 1 and Mission 2, as SpaceX has launched a large number of rockets and has a high launch success rate compared to other launch providers. Falcon 9, a medium-size rocket developed by SpaceX, has a lower launch cost compared to similarly sized rockets of other companies and has captured a significant market share.

ispace believes that the APEX 1.0 Lander (formerly called the Series 2 Lander) to

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be deployed in Mission 3 is being developed as planned for launch in 2026. ispace will use the data and know-how obtained from the former Series 1 Lander, which ispace used to conduct its first lunar mission in April 2023, to further strengthen performance and accelerate development.

(*) Cost for using the rocket that carries ispace's lander and transports it to outside the stratosphere.

(ii) Other working capital (3,069 million yen by March 2025)

ispace intends to use these proceeds towards general corporate purpose, such as purchasing components and materials related to the development of the missions planned in the future and personnel expenses.

The estimated net proceeds are calculated based on the closing price of regular trading of ispace's common stock on the Tokyo Stock Exchange, Inc. as of March 12, 2024 and assumes no additional shares will be underwritten and purchased by the Lead Manager as described in (1)(ii) above under "1. Issuance of New Shares through the Offering." The estimated net proceeds from the Offering will be determined on the Pricing Date. However, if the actual net proceeds exceeds the estimated amount shown above, the amount allocated to other working capital as described in (ii) above will be increased to up to 3,500 million yen. Any remaining proceeds will be allocated as investments in and loans to ispace US as described in (i) above, either for a portion of Mission 3 Lander manufacturing costs or a portion of launch costs of Mission 3.

4. Lock-up

In connection with the Offering, each of Takeshi Hakamada, Incubate Fund 3 Investment Partnership, Tohru Akaura, IF Growth Opportunity Fund I, L.P. and IF SPV 1st Investment Partnership, each a shareholder of ispace, has agreed with the Lead Manager that, during the period beginning on the Pricing Date and ending on the date that is 180 days from and including the Delivery Date in the Offering (the "Lock-up Period"), they will not, without the prior written consent of the Lead Manager, carry out certain transactions including the sale of the shares of common stock (including potential shares) of ispace.

In addition, ispace has agreed with the Lead Manager that, during the Lock-up Period,

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it will not, without the prior written consent of the Lead Manager, issue or sell shares of its common stock or securities with rights or obligations to acquire shares of its common stock (excluding the issuance of new shares related to the Offering, as well as the issuance of new shares, etc. by way of stock split and the issuance stock acquisition rights related to stock options).

In either of the aforementioned cases, the Lead Manager has the right to waive all or part of these restrictions or shorten the Lock-up Period at its discretion.

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