



Y R V O D F N P W P T D B M U X B E E V X
Y F R V F O D F N P W I P



Financial Results Material for Fiscal Year Ended March 2023

ispace, inc.
May 15, 2023

M R V Z I F N P H L Y G D B M U P Y E S L X
M F R V F Z I F N P M K Y
N P M L Y

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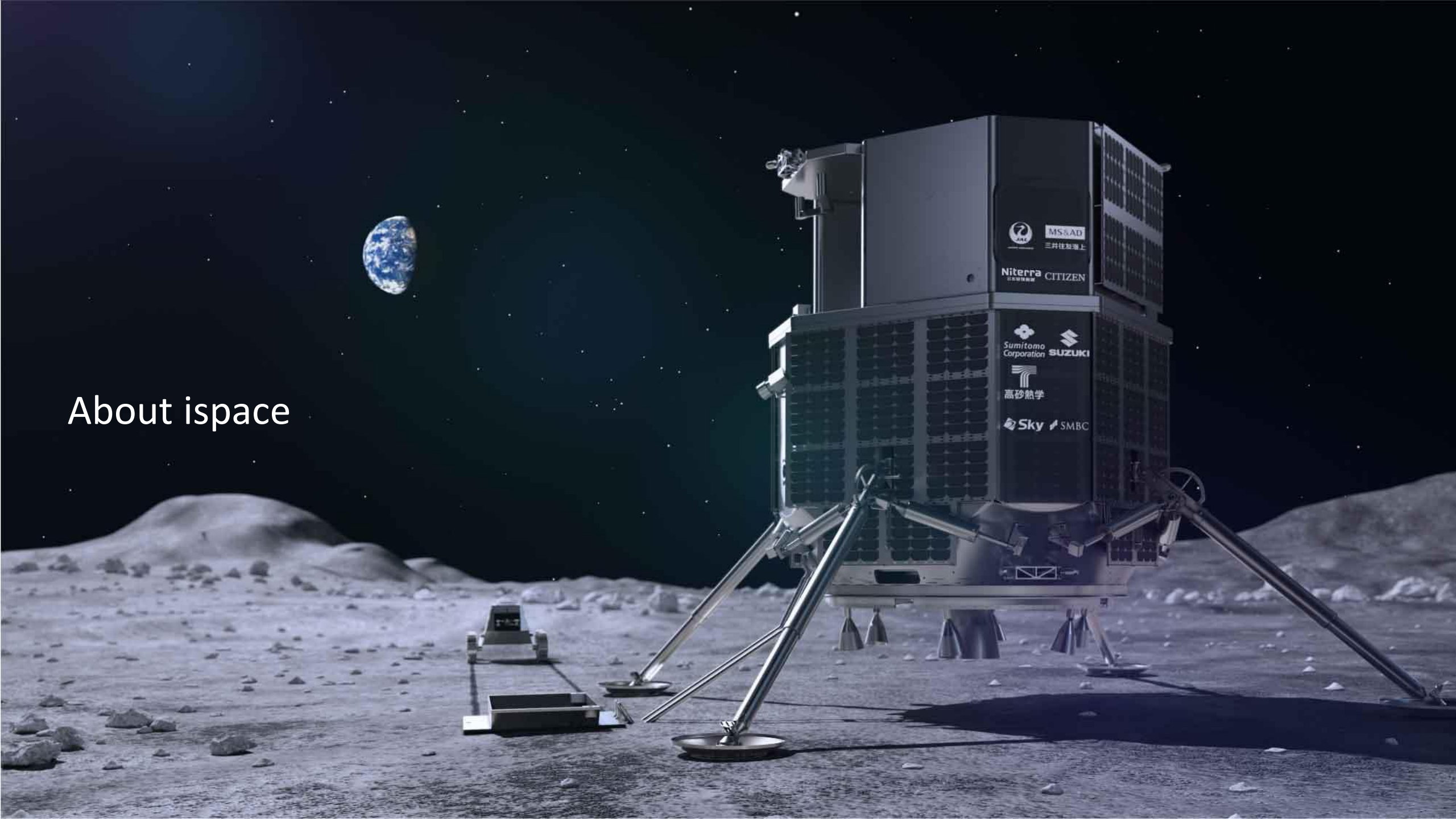
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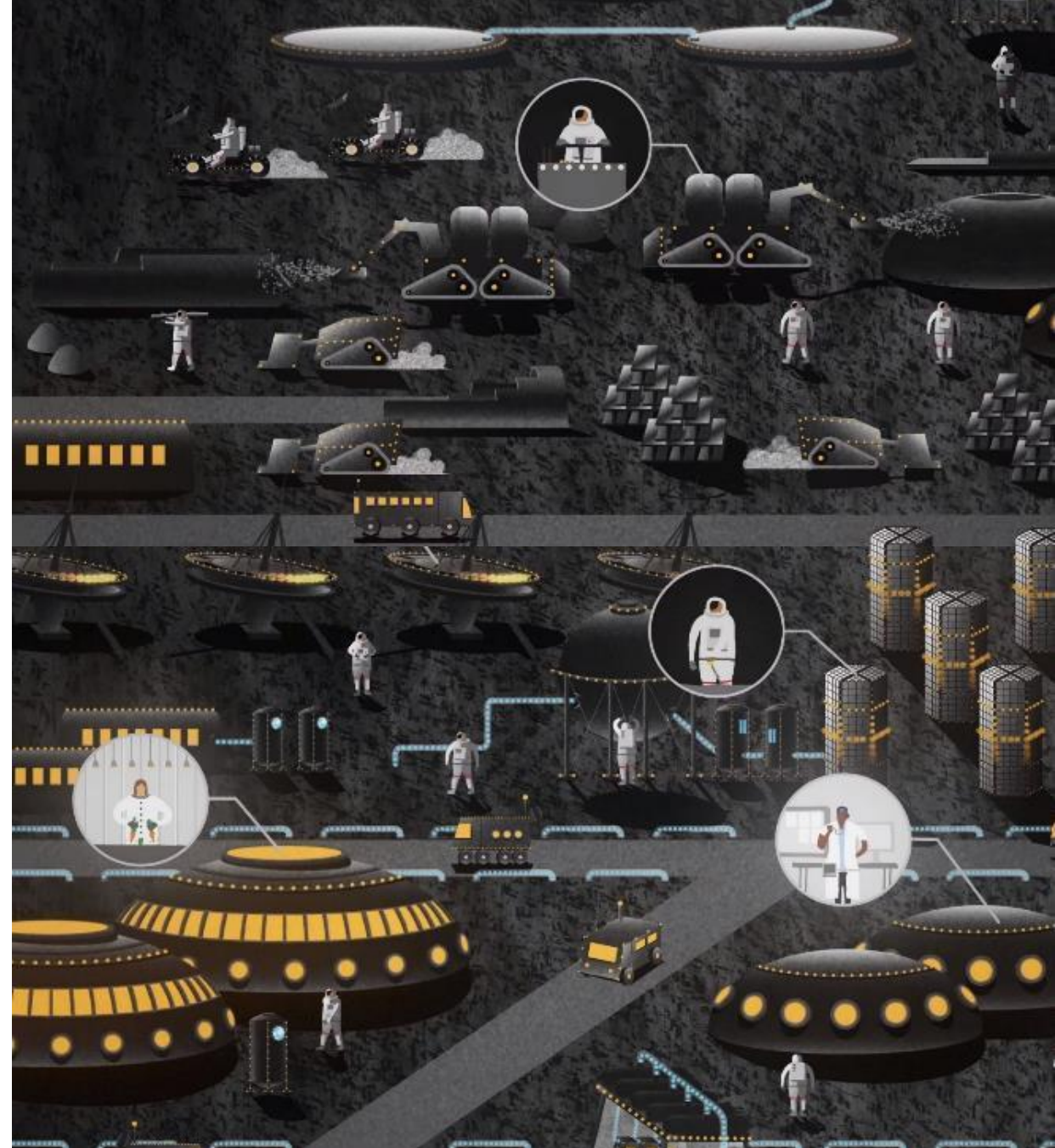
About ispace



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 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.

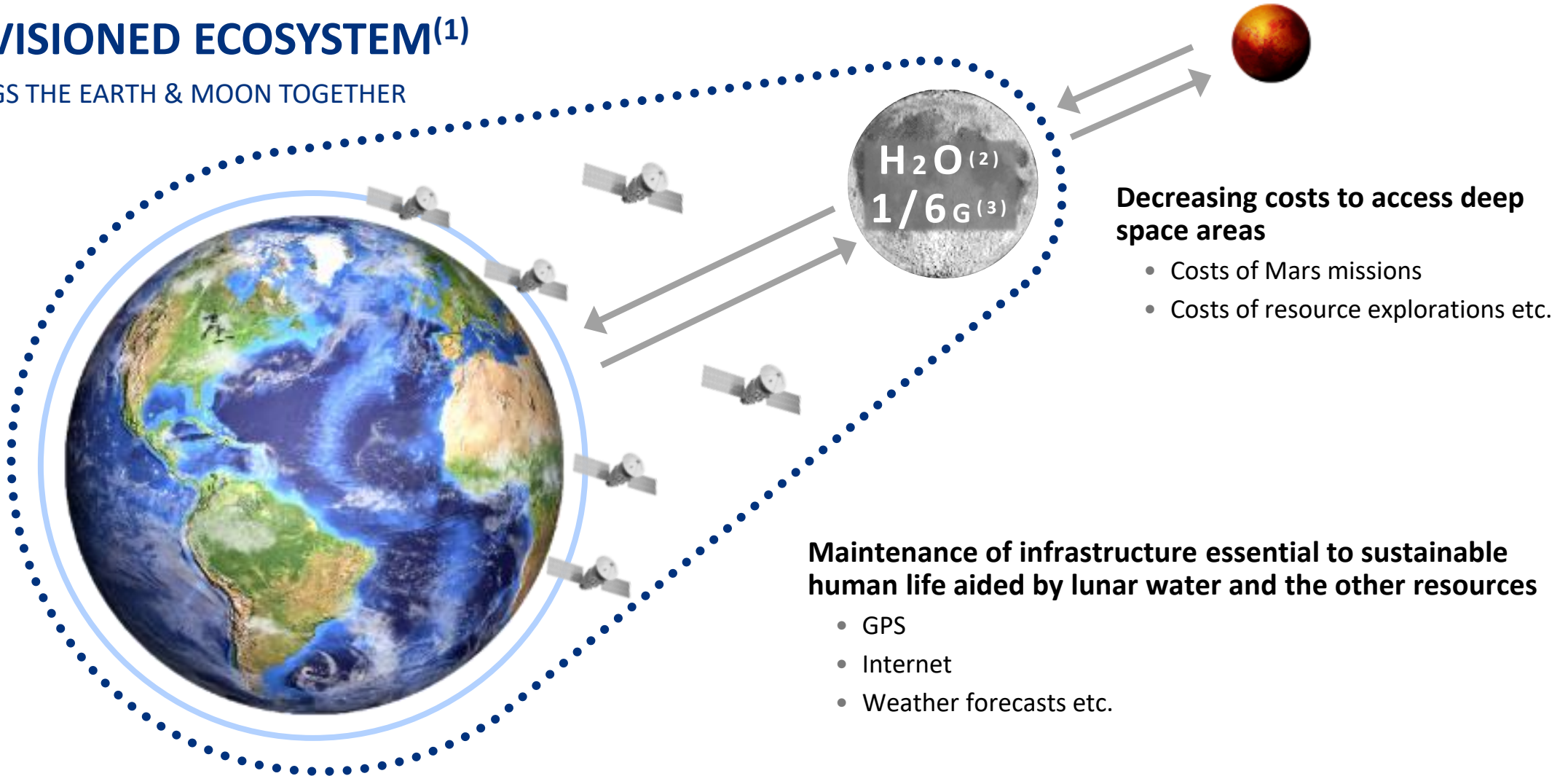


Why the Moon?

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

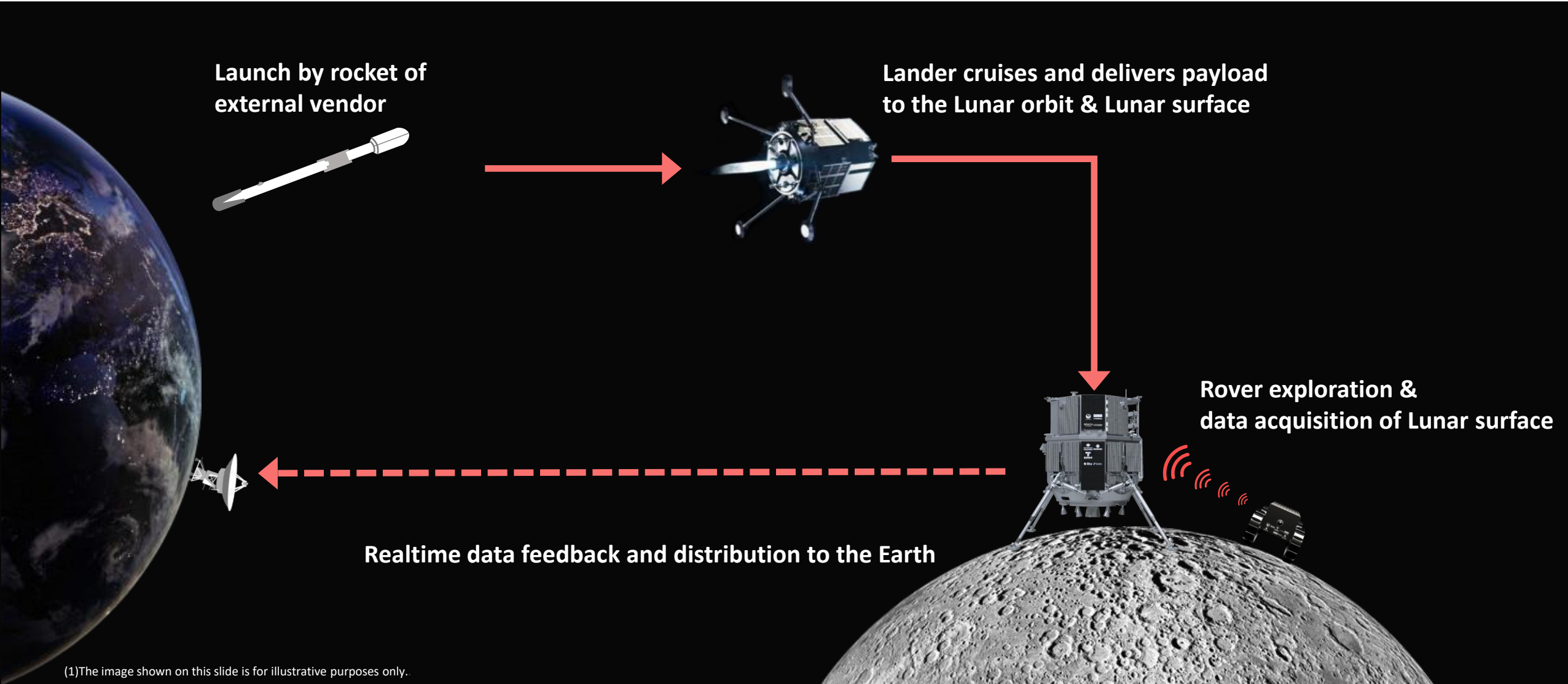


(1)The image shown on this slide is for illustrative purposes only.

(2)According to several studies, water may be widely distributed across the Moon (ex: <http://www.planetary.brown.edu/pdfs/5242.pdf>). 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 lower than from the Earth.

Business area

Lander developed by ispace is launched to outer space on rocket of external vendor. After lander navigates itself to the lunar surface, lander and rover are planned to explore and acquire data from lunar surface

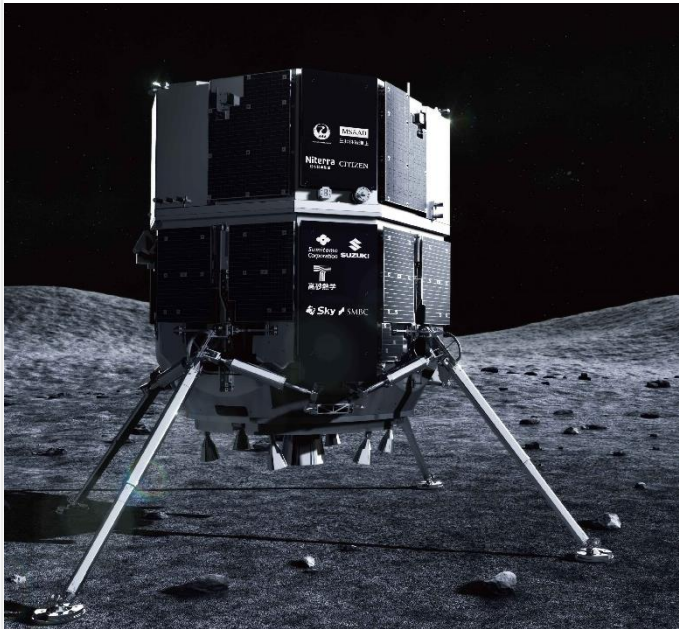


(1)The image shown on this slide is for illustrative purposes only.

Core service

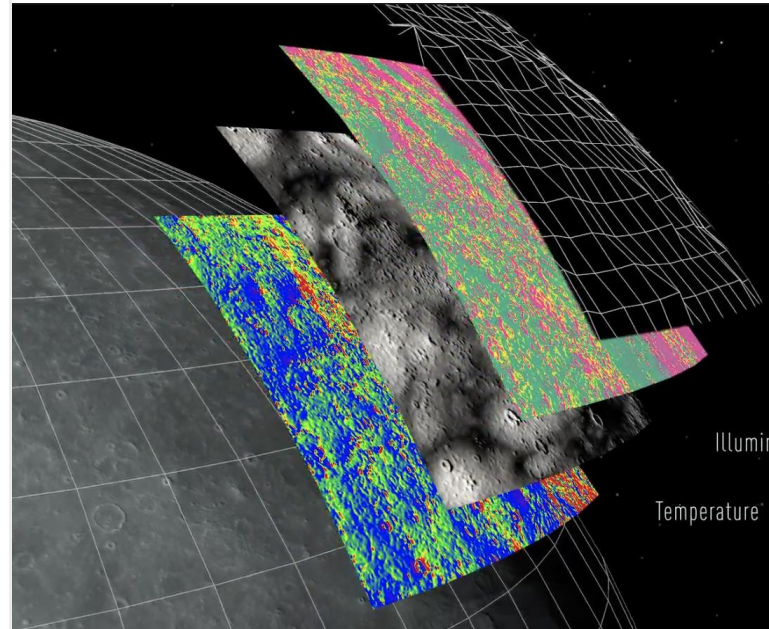
Payload service and Partnership service are the current business pillars of ispace. We plan to establish Data service in the future

Payload service



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

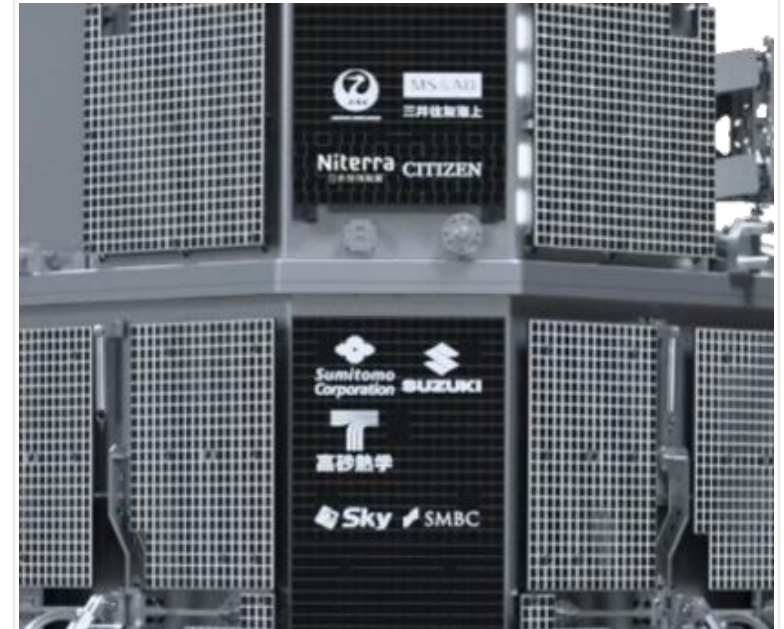
Data service



Customers are expected to acquire significant data from payloads developed by ispace. Access to the database accumulated by high frequency missions will be provided to customers in the future.

* Net Sales have not been recorded as of March 2023.

Partnership service



Supporting customers' marketing by posting logo to the lander and rover of ispace. Also, each company will collaborate with ispace from technical or business perspective etc.



December 11, 2022

@ Cape Canaveral on SpaceX Falcon 9

Achievements

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

Intuitive Machines
Astrobotic Technology

2024

i s p a c e


Intuitive Machines
Astrobotic Technology
Firefly Aerospace

2025

i s p a c e

Intuitive Machines

(1) According to our research as of March 31, 2023.

A black and white photograph of a lunar lander on the moon's surface. The lander is a complex structure with a large solar panel on top and four legs. It is positioned on the left side of the frame. The moon's surface is covered in craters and is brightly lit from the right. In the upper right corner, the Earth is visible as a bright, partially illuminated sphere against the dark sky. A semi-transparent dark horizontal band is overlaid across the middle of the image, containing the text.

Financial Results : Fiscal Year Ended March 2023

Full year net sales and net loss are generally in line with forecasts

(Million JPY)	FY2023/3	FY2023/3		FY2022/3	
	Full year results	Full year forecast ⁽¹⁾	%Change	Full year results	%Change
Net Sales	989	984	0.5%	674	46.7%
Gross Profit	552	492	12.3%	334	65.2%
Gross Profit Margin	55.9%	50.0%	-	49.6%	-
SG&A	11,576	11,344	2.0%	4,391	163.6%
Operating Income	△11,023	△10,852	1.6%	△4,056	△171.7%
Ordinary Income	△11,378	△11,287	0.8%	△4,039	△181.7%
Net Loss	△11,398	△11,293	0.9%	△4,059	△180.8%

Point

- Both net sales and each profit for the Fiscal Year Ended March 2023 are generally in line with the forecast announced on March 8, 2023
- SG&A increased significantly in Fiscal Year Ended March 2023 YOY, mainly due to the lamp-sum charge of launching Mission1

(1) Released on March 8, 2023.

R&D expenses increased significantly due to the lump-sum charge for launch costs in Fiscal Year Ended March 2023

(Million JPY)	FY2023/3	FY2022/3	
	Full year results	Full year results	%Change
R&D	9,233	3,251	184.0%
Salary and Allowance	723	411	75.9%
Other SG&A	1,619	727	122.5%
Total	11,576	4,391	163.6%

Point

- Positions Mission1 and Mission2 as R&D (Research and Development) and records most of the expenses related to the missions as R&D expenses
- In Fiscal Year Ended March 2023, R&D expenses increased significantly due to the launch of Mission1, as the company made continuous installment payments since 2018 and recorded the advance payment attributable to the launch costs in the B/S as a lump-sum expense
- Other SG&A expenses in Fiscal Year Ended March 2023 are higher than the previous year, including insurance, outsourcing, travel expenses, and advertising expenses

Net income/loss for the year results in a temporary excess of liabilities

(Million JPY)	FY2023/3	FY2022/3	
	Full year results	Results	%Change
Current Assets Total	5,730	11,772	△51.3%
Cash and Deposit	3,381	6,332	△46.6%
Short Term Advances	1,745	5,101	△65.8%
Non-Current Assets Total	1,461	714	104.5%
Long Term Advances	1,148	448	155.9%
Total Assets Total	7,192	12,487	△42.4%
Current Liabilities Total	4,123	2,963	39.1%
Advance Received	2,315	1,148	101.6%
Long Term Liabilities Total	5,416	692	682.6%
Long Term Debt	5,395	680	693.5%
Net Assets Total	△2,347	8,831	-
(Interest-Bearing Debt)	6,778	2,163	213.4%

Point

Assets:

- Short-term advances in Fiscal Year Ended March 2023 decreased YOY due to the start of expenses for launch costs of Mission1
- Long-term advances for Fiscal Year Ended March 2023 increased YOY due to launch costs for Mission2 and beyond and partial payment of long-delivery items ⁽¹⁾

Liabilities:

- Advances received in Fiscal Year Ended March 2023 increased YOY due to the receipt of payments from customers who have already signed contracts for Mission1 and 2
- Long term liabilities in Fiscal Year Ended March 2023 increased significantly due to the syndicated loan

Net Assets:

- Although excess liabilities are recorded in Fiscal Year Ended March 2023, they are expected to be eliminated by raised capital in connection with the IPO

(1) Refers to parts such as fuel tanks and thrusters (engines) used in landers that require at least one to two years from order placement to final delivery

Current free cash flow remains negative, supplemented by financing cash flow

(Million JPY)	FY2023/3	FY2022/3
	Full year results	Full year results
Cash Flows from Operating Activities	△7,322	△5,405
Cash Flows from Investing Activities	△90	△90
Cash Flows from Financing Activities	4,364	7,463
Proceeds from Long-Term Debt	4,750	500
Increase (Decrease) in cash and other assets	△2,950	+2,068
Cash and cash equivalents at end of period	3,381	6,332

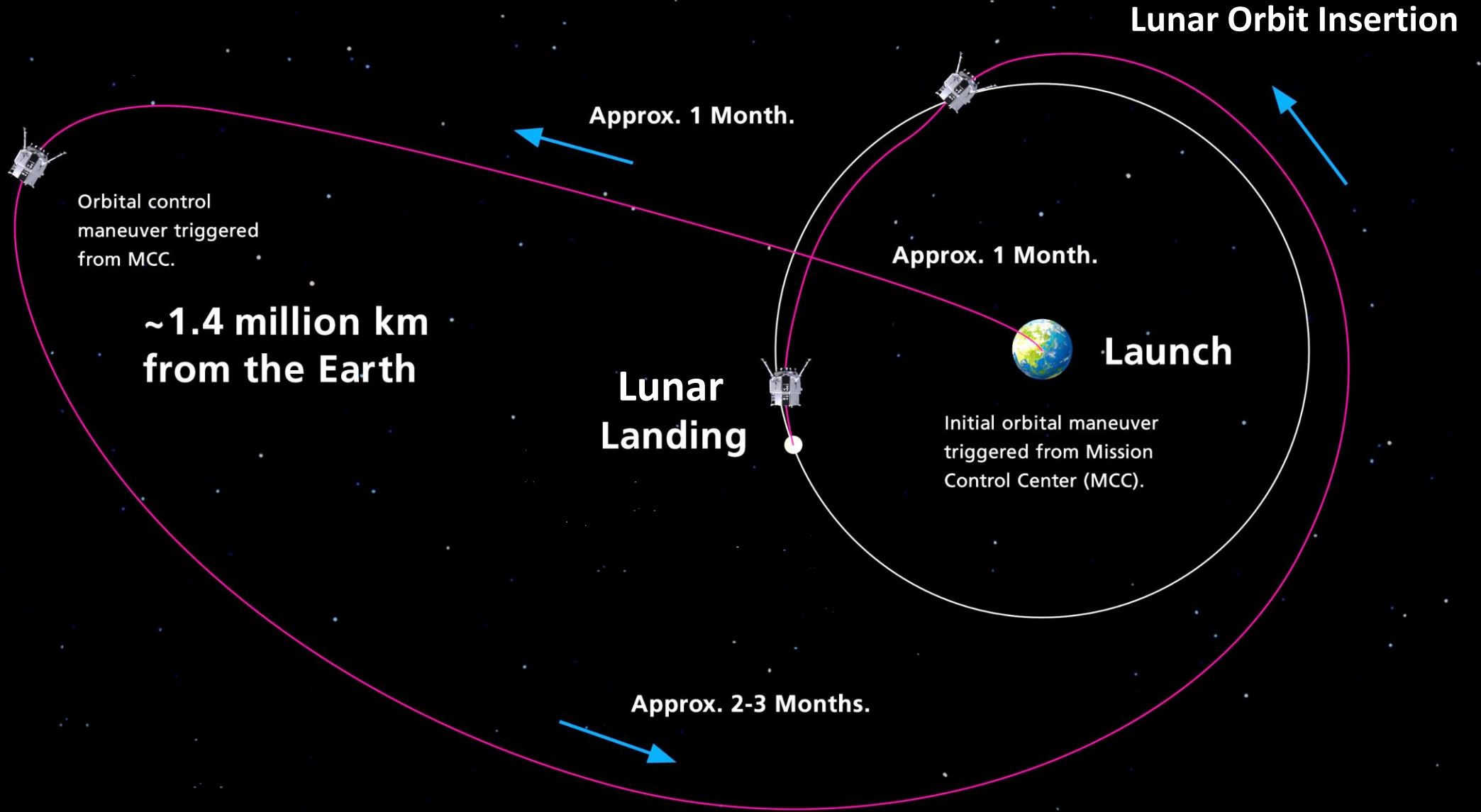
Point

- In Fiscal Year Ended March 2023, syndicated loan agreement totaling 5 billion JPY with Sumitomo Mitsui Banking Corporation as the arranger was executed in July 2022
- Cash and cash equivalent are expected to increase through raised capital in connection with the IPO in April 2023

Overview of Mission1 (Progress Report)



Using fuel saving low energy orbit including the sun's gravity, duration of approximately 4 months from the launch



Mission1 Success Milestones

Achieved 8 out of 10 Success Milestones and acquired valuable data until the end of landing sequence

Success 1 ✓
Completion of Launch Preparations
Completed 2022 Nov 28

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

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

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

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

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

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

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

Success 9
Completion of lunar landing
Not completed

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

Achievement of Mission1

Image of the Earth and Moon captured by ispace cameras at an altitude of about 100km from the Moon. Date of Shooting: April 20, 2023(Japan time). The Moon hung perfectly between the Sun and Earth at this moment, casting a shadow resulting in the solar eclipse visible over Australia in this image ©ispace





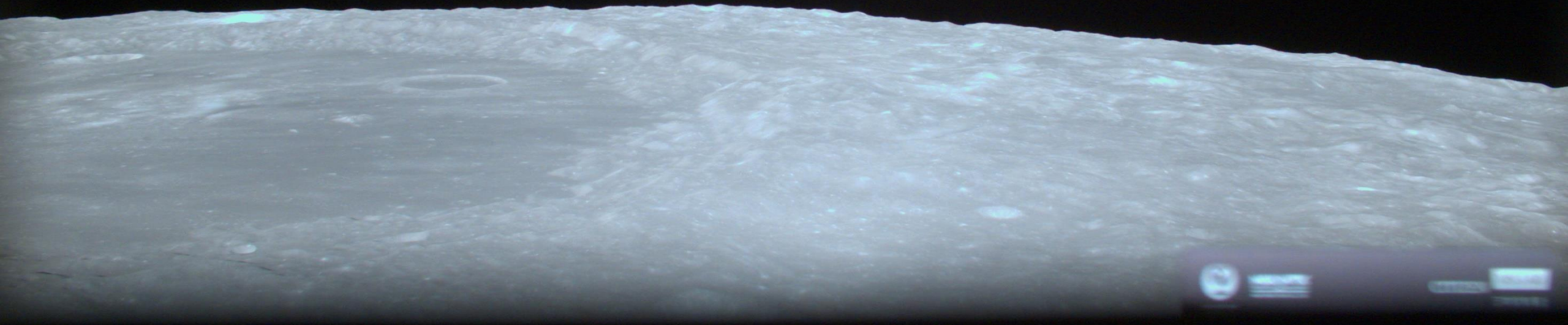
Achievement of Mission1

Image of the Moon captured by ispace cameras at an altitude of about 2,000km from the Moon.

Date of Shooting : March 26, 2023(Japan time) ©ispace

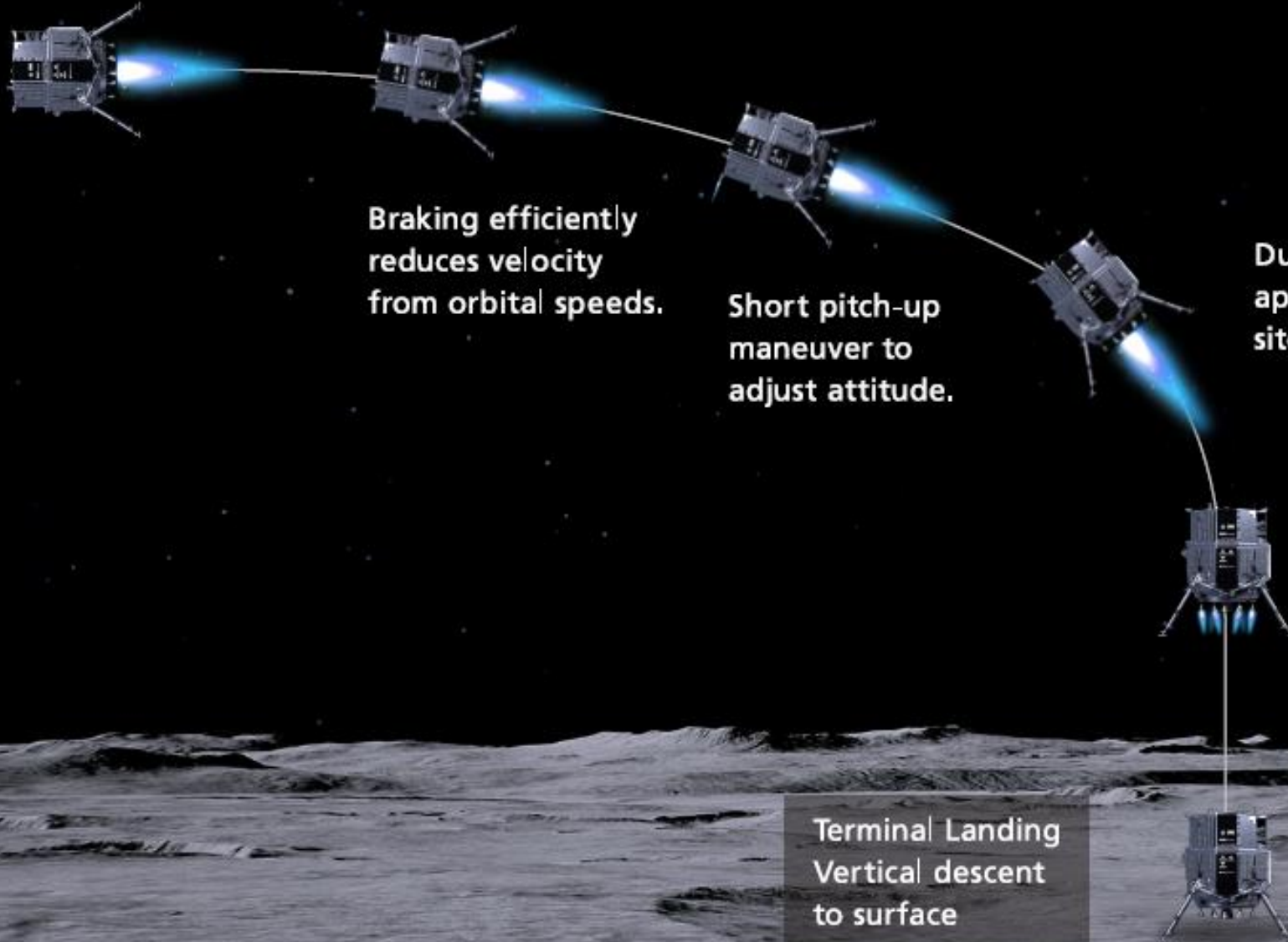
Achievement of Mission1

Image of the Moon captured by ispace cameras at an altitude of about 100km from the Moon. Date of Shooting : April 14, 2023(Japan time) ©ispace



Achievement of Mission1

Although the final sequence of the lunar landing was not achieved, the lander was confirmed to be in a vertical position



Braking efficiently
reduces velocity
from orbital speeds.

Short pitch-up
maneuver to
adjust attitude.

During terminal
approach, the landing
site becomes visible

Terminal
Descent Phase

Terminal Landing
Vertical descent
to surface

Financial impact of Mission1 is likely to be insignificant at the present. Technical Details are planned to be reported next week

Impact on sales

- Short fall of Success 9-10 of Mission1 is expected to result in a decrease of approximately 100M JPY in anticipated sales from Mission1 customers (As the impact on Fiscal Year Ending March 2024 results is expected to be insignificant there is no change to the forecast)
- No impact on the sales contracts already concluded for Mission2 and Mission3
- No major changes are expected to be made to the outlook for future orders after Mission2 at the present

Impact on costs

- No significant increase in the cost of developing landers after Mission2 is expected at the present due to the failure of the Mission1 lunar landing

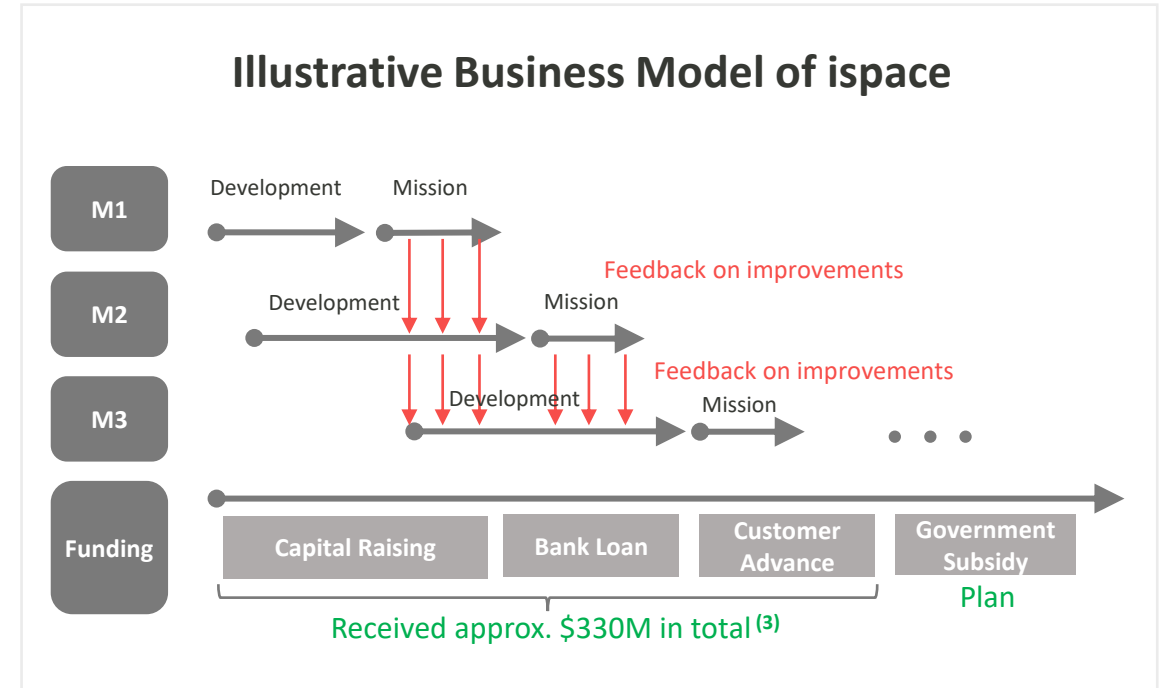
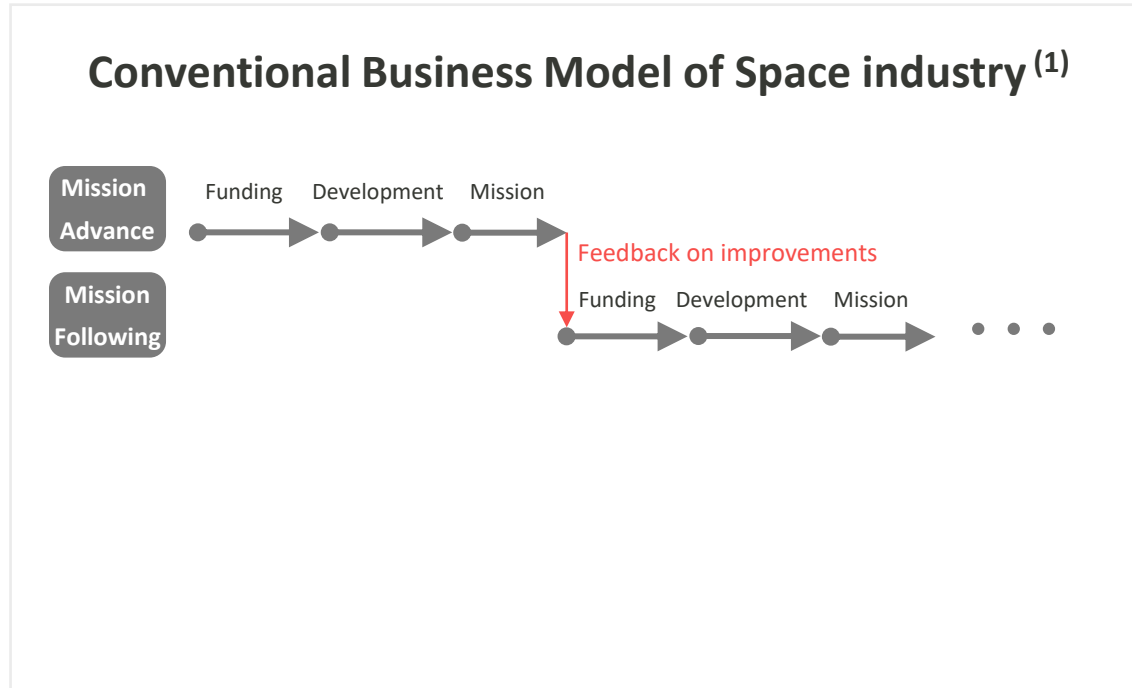
Impact on mission schedule

- No changes to the launch schedule for Mission2 in 2024, Mission3 in 2025, or beyond at the present

Other impact

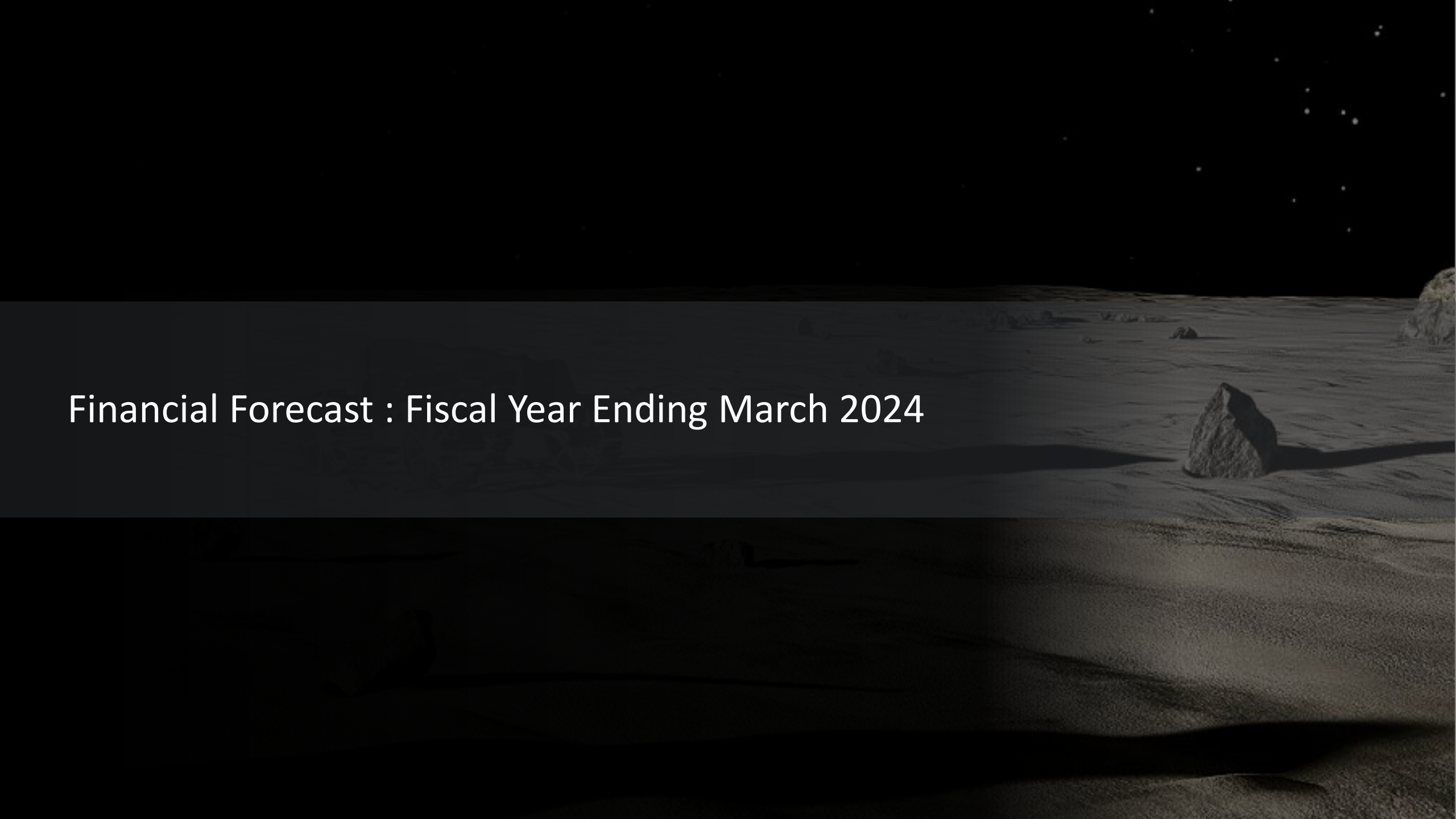
- Lunar insurance has been concluded with Mitsui Sumitomo Insurance Company, Limited. Expecting to receive the insurance payment, which has not been confirmed at this time. The amount is not reflected in the forecast for Fiscal Year Ending 2024

Implementing multiple missions simultaneously based on funding and customer advances. Developing business model where business continuity will not significantly be affected by the outcome of a single mission. In addition, the lunar insurance for Mission1 is expected to reduce risk due to any mission failure



- Develop multiple missions in parallel based on a business model with continuous missions by securing budgets from investors, financial institutions, and customers
- Findings from missions are fed back to the next mission in a timely manner and at a high frequency to increase the maturity of the technology. Continuous missions will be executed in a relatively short period of time
- Developed the world's first lunar insurance with Mitsui Sumitomo Insurance Company, Limited, covering the liability period from the launch of Mission1 to data transmission after landing on the lunar surface

(1)This is a model we assume and may differ from reality (2)In April 2023 (3)With the new SBIR subsidy by the Japanese government, we expect to receive budget allocation to our company for the space sector. However, there is a possibility that the budget may not be allocated or that the project may not progress as planned (4)Payload of customer is not covered (5)No insurance contract has yet been concluded for M2 and beyond

A dark, atmospheric landscape, possibly a desert or a rocky terrain, under a starry night sky. The foreground is dominated by a large, dark rock formation. The background shows a vast, dark expanse with several bright stars visible in the upper right corner. The overall mood is mysterious and serene.

Financial Forecast : Fiscal Year Ending March 2024

Statement of income

Net sales are expected to increase significantly in Fiscal Year Ending March 2024 compared to the previous year, while net loss of 7.8 Billion JPY is expected due to accelerated development of Mission3

	FY 2024/3	FY 2023/3	
	Full year Forecast	Full year results	%Change
(Million JPY)			
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 Income	△7,118	△11,023	35.4%
Ordinary Income	△7,885	△11,378	30.7%
Net Loss	△7,889	△11,398	30.8%

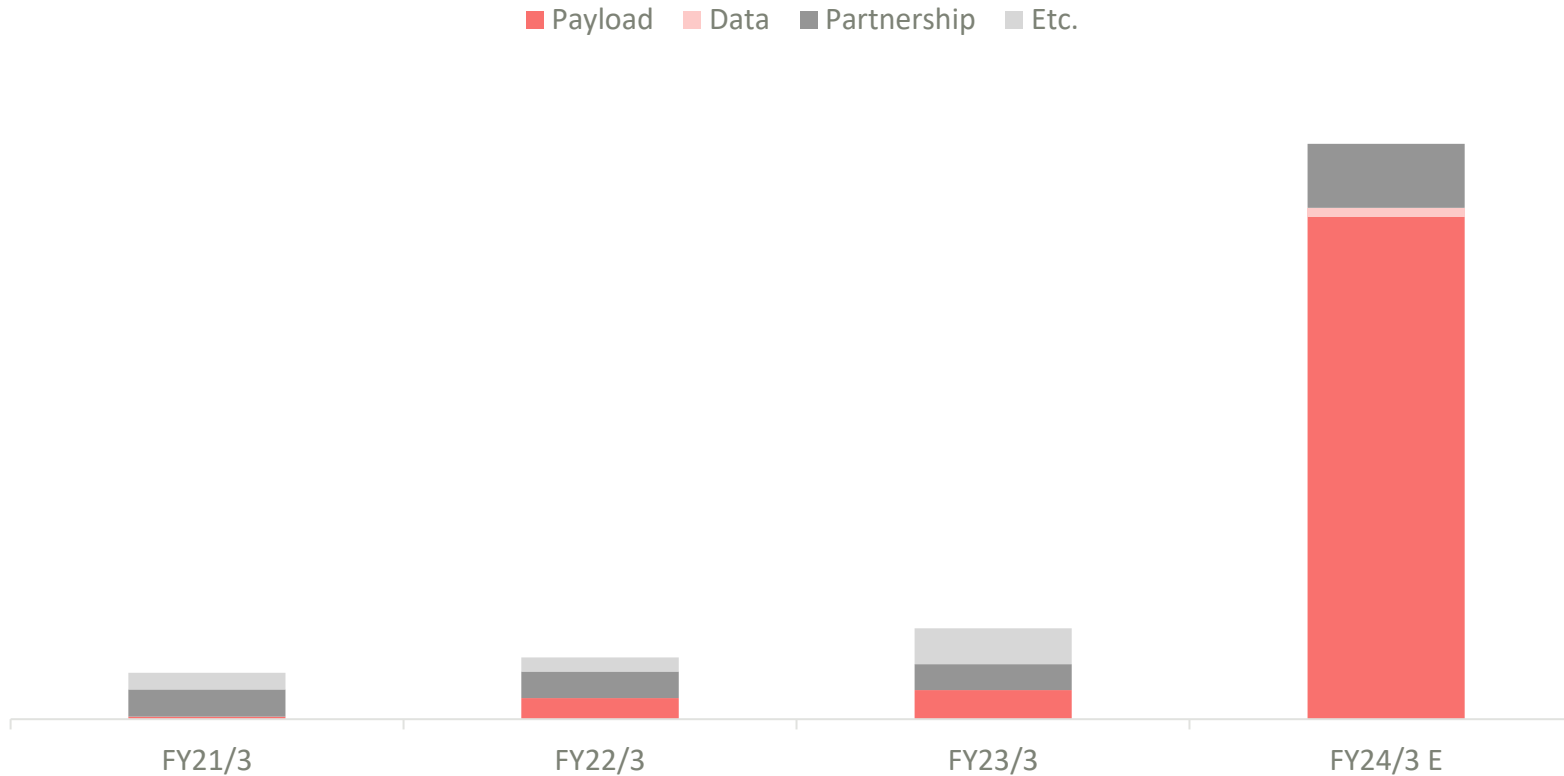
Point

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

(1) Recognize as net sales an amount equal to the cost incurred monthly, and the difference between the total contract fee and the net sales recognized during the period is recognized upon completion of the mission

Sales per service

Payloads sales of the first commercial mission - Mission3 - will begin to make a full contribution, which is expected to make a significant increase in net sales



Point

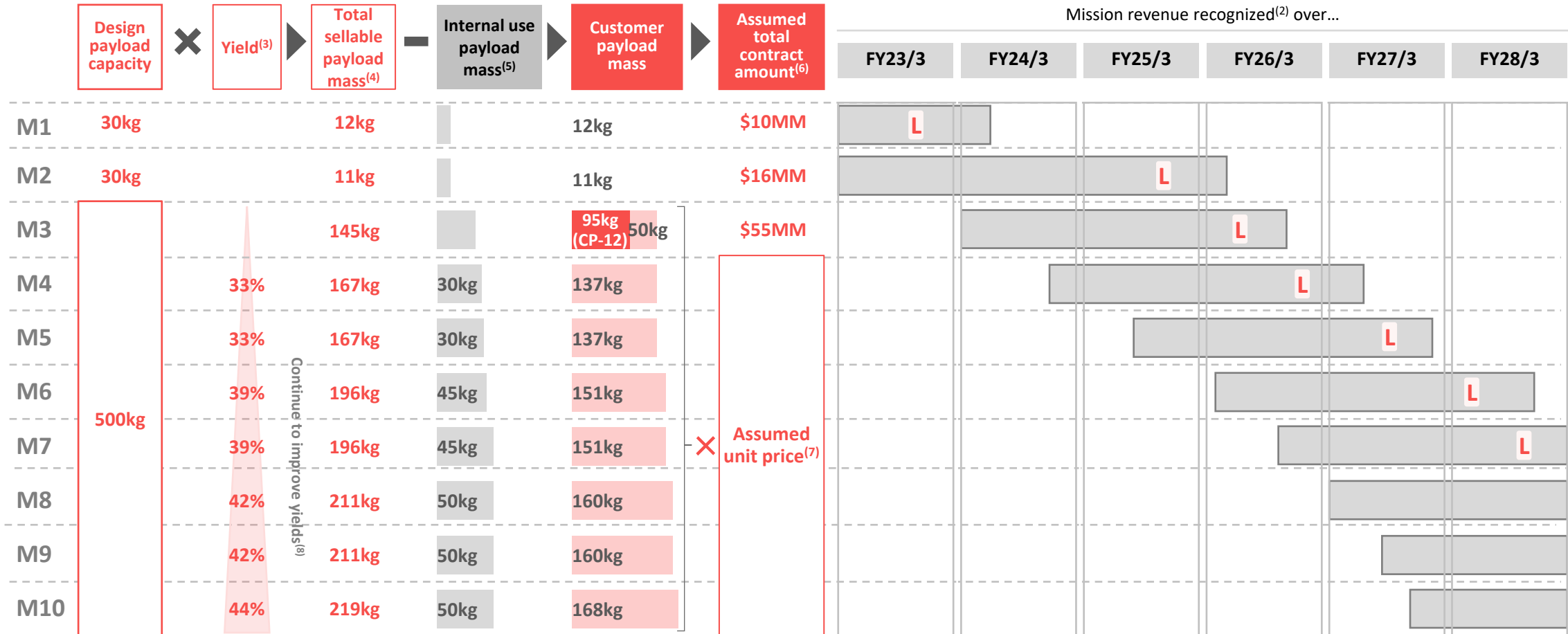
- Payload sales for Fiscal Year Ended March 2022 consists of Mission1 customer, while Fiscal Year Ended March 2023 consists of Mission1 and Mission2 customers
- Payload sales for the Fiscal Year Ending March 2024 is expected to consist of Mission1 and Mission2 continuously, and full-scale sales expected from Mission3. In total, revenue from three missions to be recorded in a multilayered manner
*Payload sales after Mission4 are not included in this forecast.

(1) Payload sales in FY24/3 are currently estimated to include sales related to CLPS with NASA as well as sales from several companies with which we currently have interim payload service agreements. For CLPS, payment is made in installments subject to the achievement of certain milestones, and if we are unable to receive the amount corresponding to our cost, we may not be able to record a portion of our estimated sales. Also, there is no guarantee that legally binding contracts can be concluded with other customers, and actual results may differ

Illustrative Business Model

Illustrative Business Model of Payload Service

For illustrative purposes only; all numbers are rounded and subject to change.

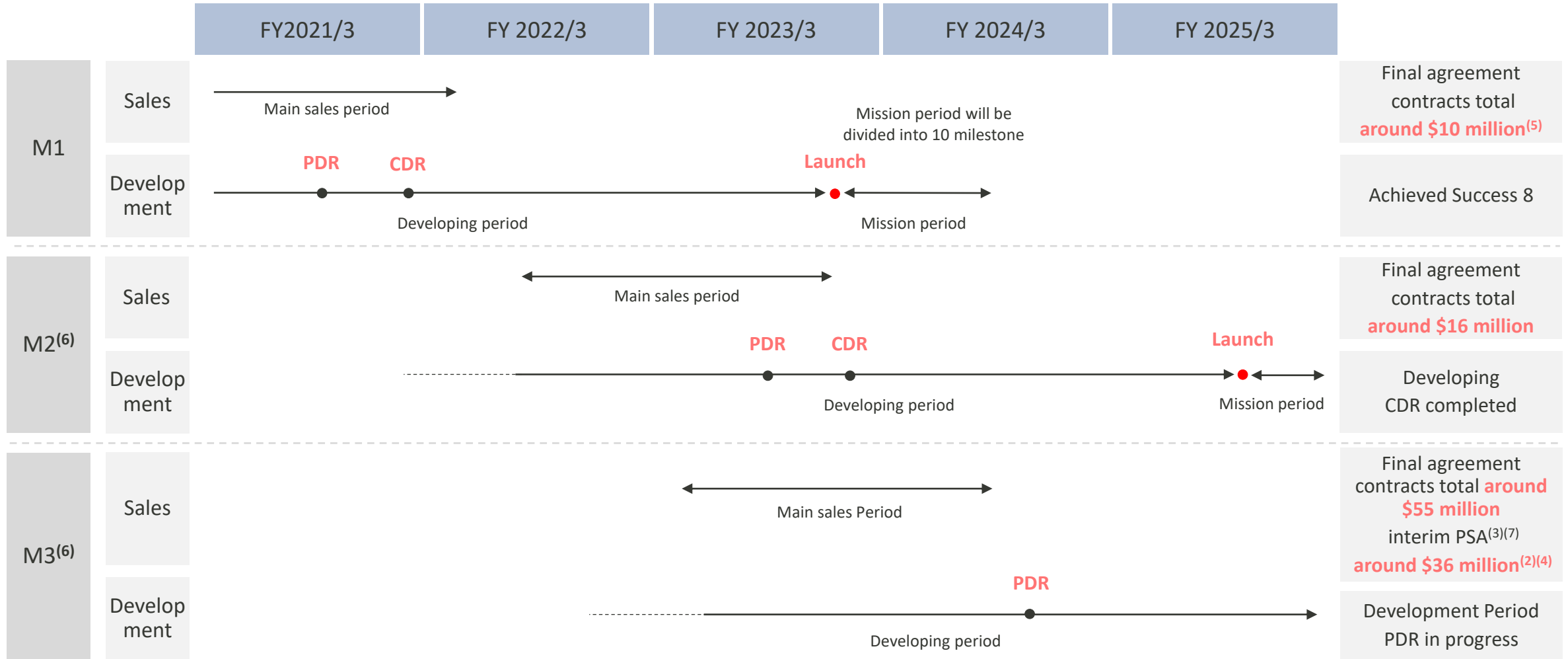


(1) Presented as an illustrative simulation of the potential business model for our future payload service as of the date hereof. Actual results may differ materially from future results as the timing and details of future missions remain subject to change
 (2) Based on planned launch schedule as of March 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 March 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 March 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) Within the failure of Success9-10 for Mission1 is expected to result in a decrease of approximately 100 Million JPY in anticipated sales from Mission1 customers.

KPI

Key KPIs have been set for both Sales and Development. On the Development side, CDR for Mission2 has been completed and PDR for Mission3 is currently underway. On the Sales side, expecting to increase final agreement contracts amount for Mission 2, Mission3 and after

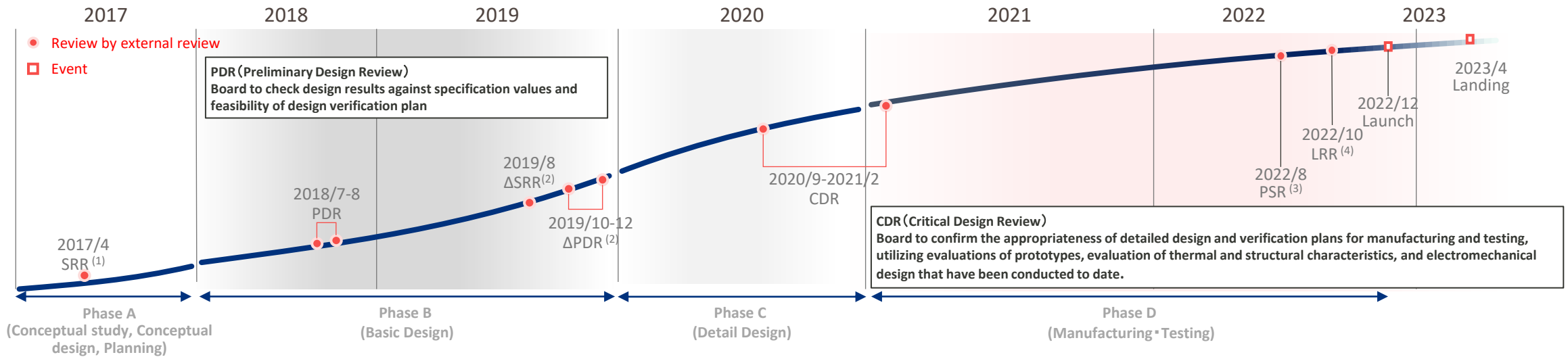


(1)Payload Contracts of MOU, interim PSA, PSA, Data Contracts of MOU and final agreement contract is included in the amount (2)As of March 31, 2023 (3)Interim Payload Service Agreement (Mid Contract on Payload) : Documents that are a prerequisite for negotiations to enter into a PSA agreement that will become 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. (4)Including amount that can be after M4 (5)Within the failure of Success 9-10 for Mission1 is expected to result in a decrease of approximately 100 Million JPY in anticipated sales from Mission1 customers (6)The schedule after M2 is only the current anticipated schedule (7)The MOU and Interim PSA are not legally binding, and there is no guarantee that legally binding contracts can be concluded based on these MOU and 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.







KPI

Among development milestones, PDR and CDR, which are set just before full-scale capital investment, are particularly important, and Mission1 was reviewed with external experts. Plans are to disclose the PDR and CDR at the time of completion of Mission2 and Mission3 in the future

Reference : Developing process of Mission1



Examples of external experts among Mission1 ⁽⁵⁾

SRR		PDR		CDR			
	University of Tokyo Associate Professor Funase		JAXA Professor Inatani		JAXA Professor Inatani	Etc., Specialists from Domestic and Overseas	
					University of Tokyo Professor Nakasuka		Kyushu Institute of Technology Professor Cho
							JAXA Professor Takashima

(1)System Requirement Review : Board that approves start of system design after checking consistency between business and system requirements (2)PDR was implemented again, due to the decision to change the lander's specifications (3)Pre-Shipment Review : Board to confirm test results and approve transportation to launch site (4)Launch Readiness Review : Board to confirm the completion of integration work on the launch vehicle and approve the launch and transition to initial operations (5)Affiliation at the time of review.

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

Mission2 (Planned for 2024)

Using Series I Lander and Micro Rover



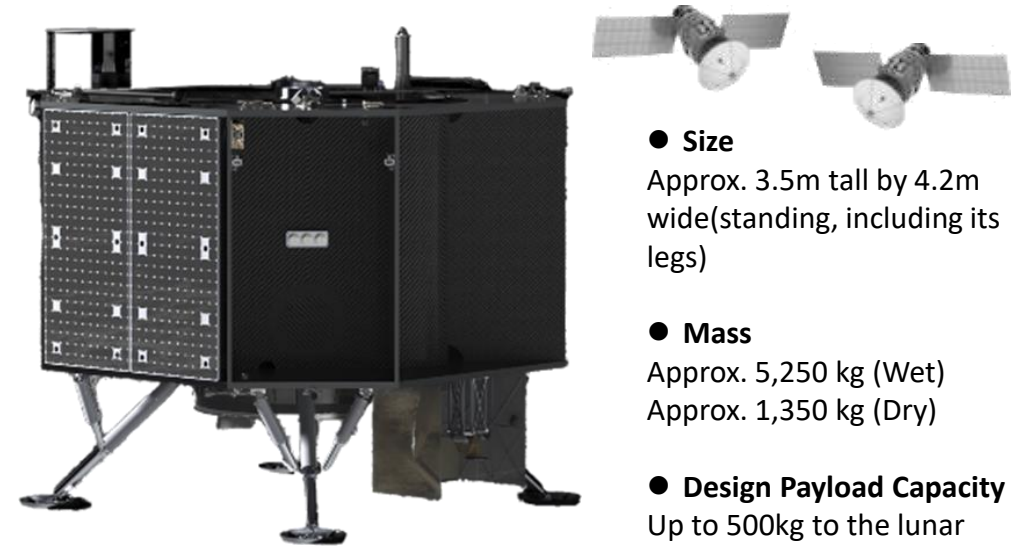
- **Lander Size :**
Approx. 2.3m tall by 2.6m wide(standing, including its legs)
- **Mass :**
Approx. 1,000 kg (Wet)
Approx. 340 kg (Dry)
- **Design Payload Capacity :**
Up to 30kg

Confirmed payload (Around \$16million) :

- Takasago Thermal Energy : Water electrolysis equipment
- National Central University : Radiation probe
- Euglena : Micro-algae cultivation module
- ispace : Micro Rover

Mission3 (Planned for 2025)

Using Series II Lander and satellites in lunar orbit



- **Size**
Approx. 3.5m tall by 4.2m wide(standing, including its legs)
- **Mass**
Approx. 5,250 kg (Wet)
Approx. 1,350 kg (Dry)
- **Design Payload Capacity**
Up to 500kg to the 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 : interimPSA⁽¹⁾

(1) Interim Payload Service Agreement (Mid Contract on Payload) : Documents that are a prerequisite for negotiations to enter into a PSA agreement that will become 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.



Never Quit the Lunar Quest

私たちは歩み続けます