

Issuance of Common Stock and Stock Acquisition Rights by Third-Party Allotment

ispace

2024.10.11

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About Heights Capital Management Inc.





- Heights Capital Management Inc. (“HCM”) is an affiliate of Susquehanna International Group, LLP (“Susquehanna”), one of the world’s largest privately-held financial services firms. The HCM business began in 1996 and was established to manage the direct investment of Susquehanna’s self capital in listed companies around the world
- HCM is focused on investing in high-growth firms across sectors including biotech, healthcare, technology, financial services, media, energy services, and natural resources
- ispace have been in continuous dialogue with HCM since its pre-listing stage to deepen mutual understanding. Their strong empathy with ispace’s vision and growth strategy lead to this large-scale investment

Background of the third-party allotment

U.S.

APEX 1.0

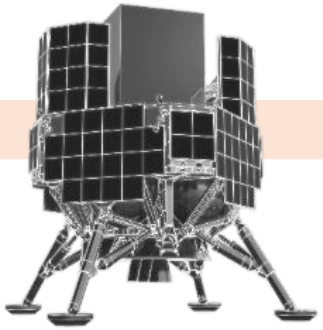
M3 (2026)



JAPAN

Series 3 Lander (2)

M6 (2027)



- ispace is currently in the process of “initial model development” for two landers: the APEX 1.0 lander(1) in the U.S. entity and the Series 3 lander(2) in Japan entity
- Development of the “initial model development” involves a one-time initial R&D cost, which is a significant financial and P&L cost burden, especially in the current period
- It is important to have sufficient liquidity on hand and a strong capital buffer to ensure a stable lunar landing mission in the future
- After considering various options for recapitalization, we have determined that this deal is the best option

(1) *Plan to be used in Mission 3 scheduled for launch in 2026*

(2) *Tentative name. This shows an image as the design of Series 3 Lander has not been finalized yet*

The total amount raised will vary depending on the share price at each of the four equity programs. In addition to the Base Capital Increases, planned to be completed by the end of this fiscal year, Upside Capital Increases through stock acquisition rights are anticipated in the future

Base Capital Increase
(Completed by the end of 2025/3)

Capital increase by common stock
Total number of shares issued: 11M shares (2.75M shares each)

Announcement date	Amount raised(1)
1st：2024/10/11	**1,655.550 M JPY (based on 10/10 closing price)**
2nd：2024/11/18	TBD (based on the closing price on the day before the announcement date)
3rd：2025/1/14	TBD (based on the closing price on the day before the announcement date)
4th：2025/3/11	TBD (based on the closing price on the day before the announcement date)

Estimated total amount (4 times)	Assumptions for stock prices in the 2nd through 4th announcement in the estimation
Approx. 6.6Bn yen(5)	Ex：based on 10/10 closing price
10.1Bn yen	Maximum amount stated in the shelf registration statement

Upside Capital Increase
(Potential capital increase through 2029/3)

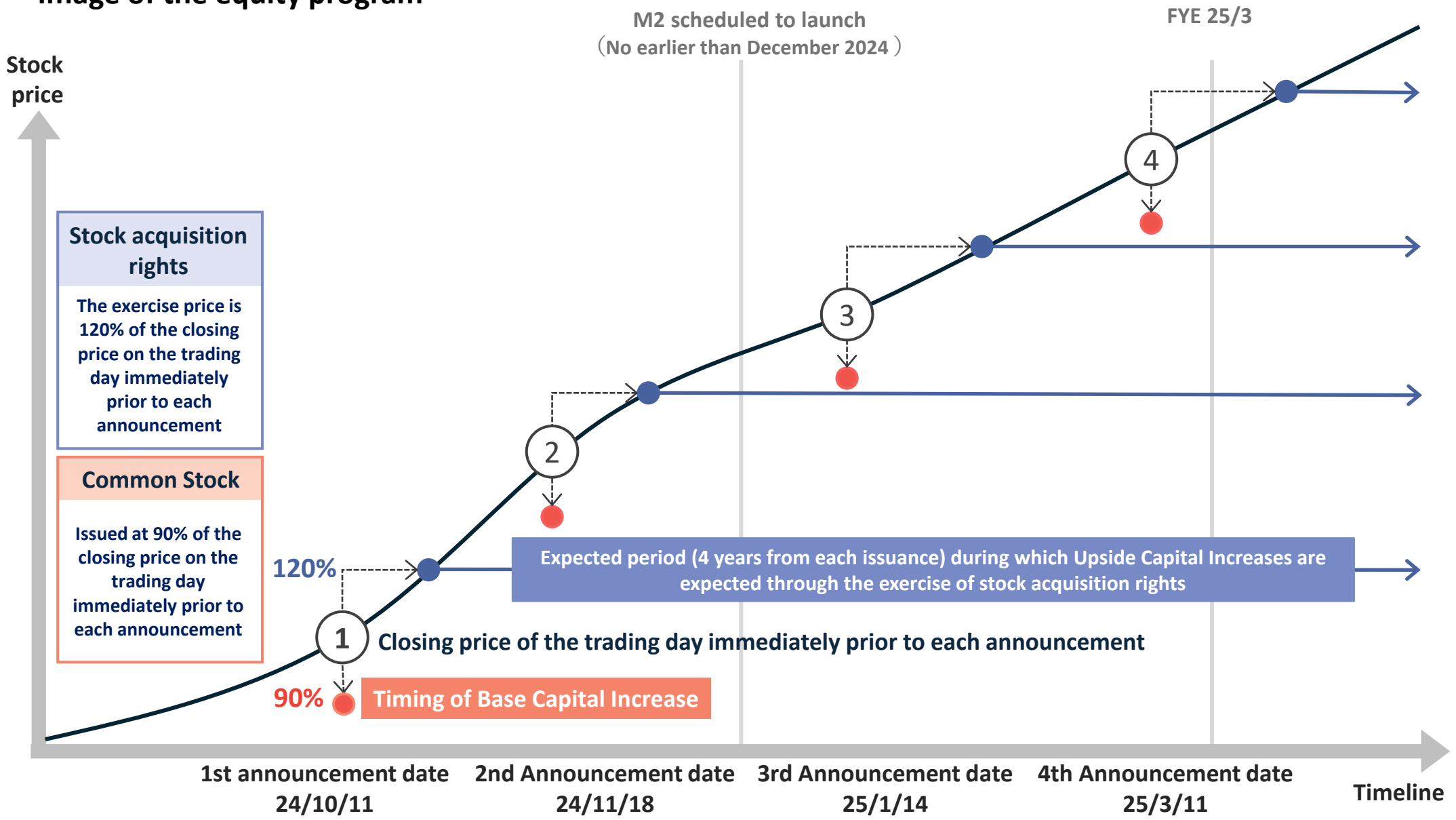
Capital increase by stock acquisition rights
Total number of rights issued: 110,000 rights (27,500 rights each)(2)

Announcement date	Amount raised(3)
1st：2024/10/11	**2,228.27 M JPY (based on 10/10 closing price)**
2nd：2024/11/18	TBD (based on the closing price on the day before the announcement date)
3rd：2025/1/14	TBD (based on the closing price on the day before the announcement date)
4th：2025/3/11	TBD (based on the closing price on the day before the announcement date)

Estimated total amount (4 times)	Assumptions for stock prices in the 2nd through 4th announcement in the estimation
Approx. 8.9Bn yen(5)	Ex：based on 10/10 closing price
13.6Bn yen	Maximum amount stated in the shelf registration statement

(1) The issue price per share of stock will be an amount equivalent to 90% of the closing price on the day before each announcement date
(2) Equivalent to 2,750,000 shares of common stock
(3) The exercise price per share of the stock acquisition rights will be 120% of the closing price on the day before the announcement date
(4) The 1st announcement of stock acquisition rights have not been exercised at this time and will be procured at the stated amount if exercised in the future
(5) Actual amount raised may vary depending on stock price trends.

Image of the equity program



※The image shown on this slide is for illustrative purposes only and this is not an indication of actual or projected changes in the share price.

By issuing common stock and stock acquisition rights with four separate issuances, the program is designed to 1.reduce the impact on the share price, 2. take dilution into consideration and 3. leave open the possibility of upside procurement that can further accelerate future growth

Advantages of the program

1. Reduce the impact on the share price

- By dispersing the issuance of common stock, the Base Capital Increases, over four programs, the share price impact is expected to be reduced compared to the case where all the shares are issued at once. In addition, the Upside Capital Increases of stock acquisition rights is expected to be converted in stages, which is expected to further diversify the share price impact

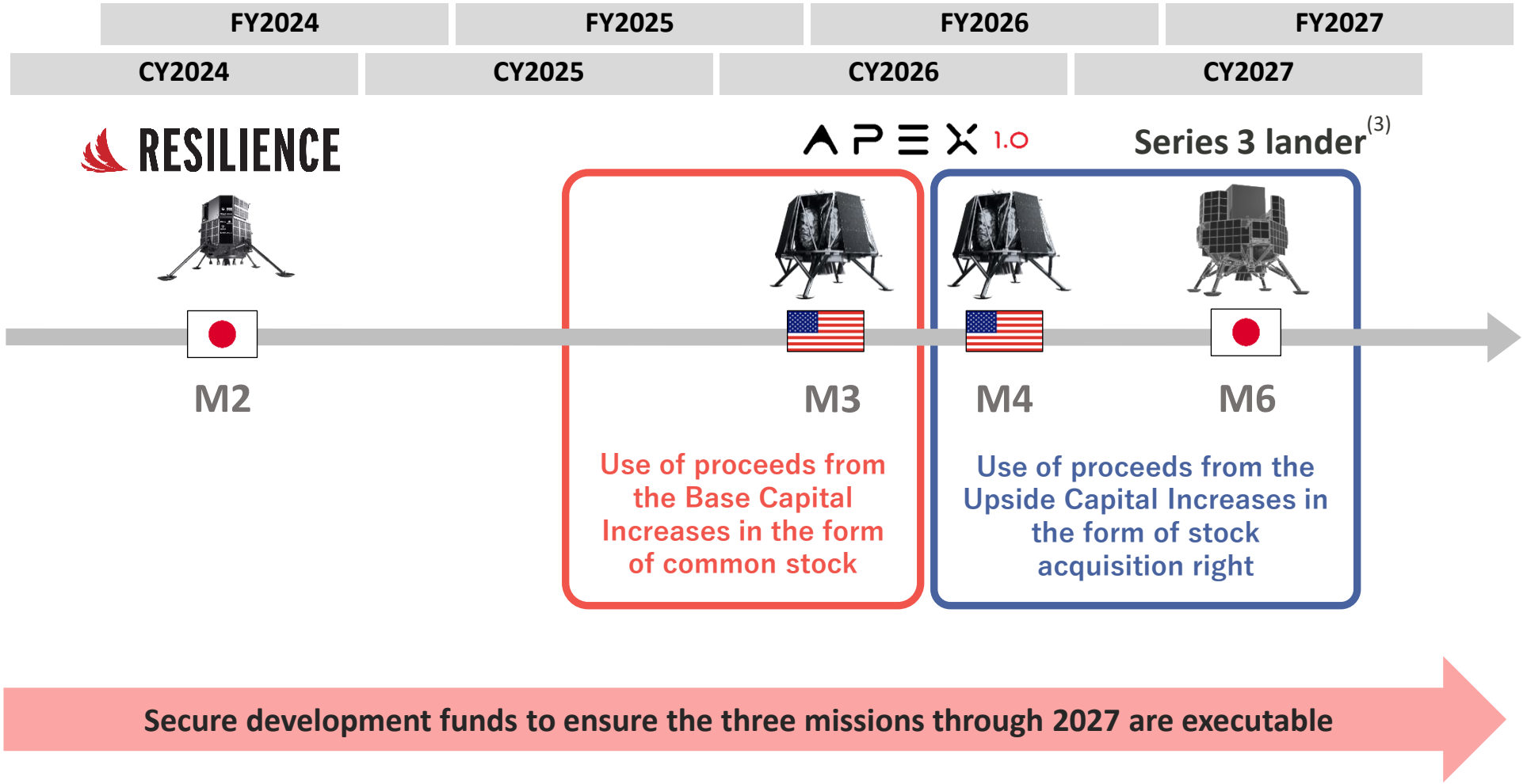
2. Factoring in potential share price appreciation and limiting future dilution

- By issuing common stock four times each of the closing price on the trading day immediately prior to each announcement date, the company will be able to raise a certain amount of capital with a high probability. Furthermore, if the stock price improves, it will reduce the amount of capital needed to be raised in the future, and consequently reduce dilution

3. Upside procurement that can further accelerate future growth

- By setting the exercise price of the warrants at +20% each of the closing price on the trading day immediately prior to each announcement date, the company can expect an upside to the amount raised if business progresses and the stock price improves in the future, thereby further accelerating future growth (The number of shares to be issued under the stock acquisition rights is fixed and the maximum number of shares to be issued is limited, so the design also takes dilution into consideration.)

Through the funding from Base Capital Increases and potential funding from Upside Capital Increases, ispace expects to secure development capital to execute three missions through 2027



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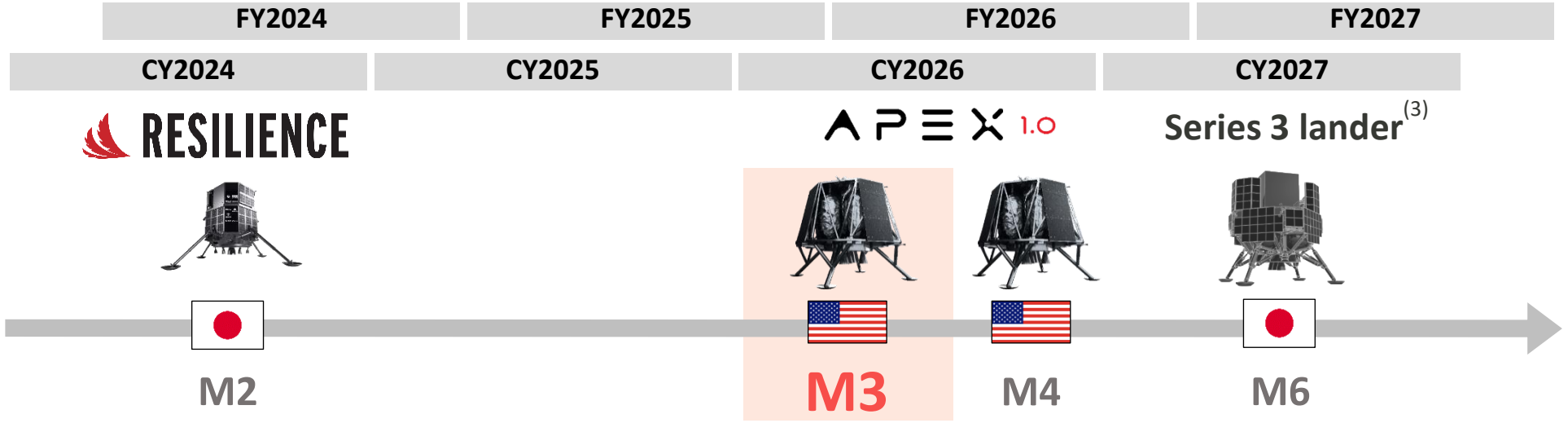
(2) *The missions and schedules, as shown above, are current but may be subject to change*
(3) *Tentative name. This shows an image as the design of Series 3 Lander has not been finalized yet*

Funds raised through common stock will be used for Mission 3 (2026(1)). In addition to the International offering conducted in March of this year, ispace expects to secure all the funds necessary to implement Mission 3



M3 development funding expected to be fully secured

Use of proceeds

Up to approx. 10.1 Bn yen(4)

Approx. **3.5** Bn yen:	Partial purchase price of two relay communication satellites
Approx. **2.3** Bn yen:	Partial purchase price for launch services
Approx. **4.3** Bn yen:	Partial manufacturing costs for APEX 1.0 Lander
Total Approx. **10.1** Bn yen:	Investment and Loan to U.S. Subsidiary

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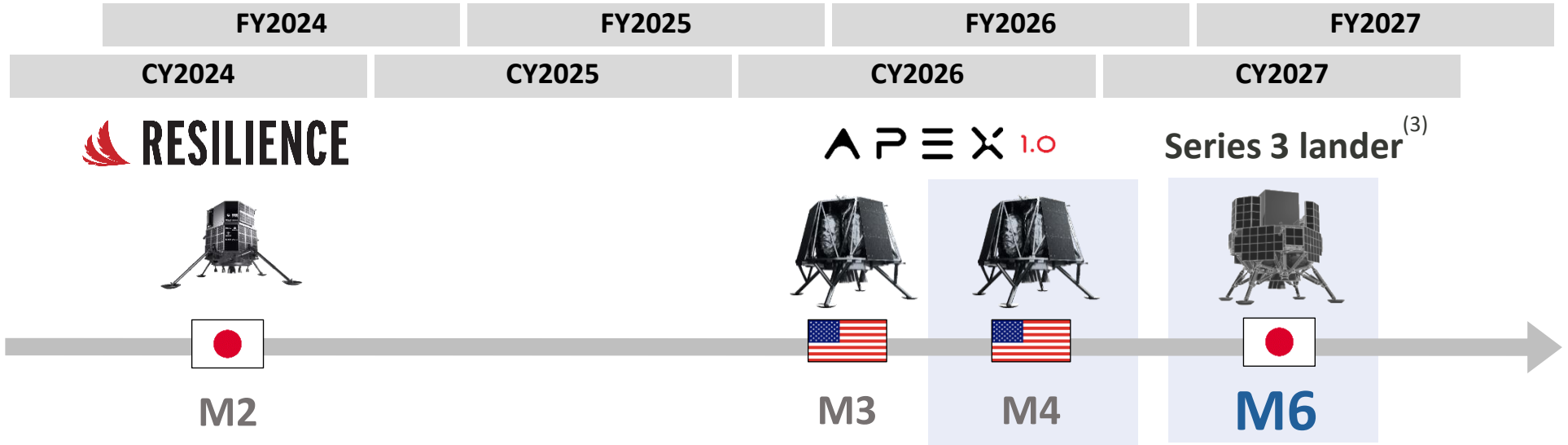
(4) *The above figures are estimates based on certain assumptions, and the actual amount to be procured may be less than the said amount depending on the trend of the stock price. For details, please refer to the "Notice Concerning Shelf Registration for the Execution of the Agreement Establishing a Share and Stock Acquisition Rights Issue Program and Issuance of New Shares and Stock Acquisition Rights by Way of Third-Party Allotment" dated today*

For the stock acquisition rights, the exercise price is set at 120%(1). If all are exercised by HCM, ispace expects to secure all funds necessary to implement Mission 6 (2027(2))



M6 non-subsidized costs and future mission funding planned to be secured

Use of proceeds

Up to approx. 13.6Bn yen(3)

- Approx. **8.0** Bn yen: Partial purchase price for launch services and indirect costs for Mission6
- Approx. **1.0** Bn yen: Purchase of components for the development of M4
- Approx. **4.6** Bn yen: Other working capital (2billion for labor costs, 2billion for indirect cost

(1) *The exercise price is 120% of the closing price on the trading day immediately prior to each announcement*
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ispace Mission 2
Coming in 2024 December(1)

RESILIENCE



(1) *The missions and schedules, as shown above, are current but may be subject to change*

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