

Balance Sheets

(As of March 31, 2022)

(unit: thousands of Yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
Current Assets	11,417,256	Current Liabilities	2,830,953
Cash on hand and in banks	5,511,249	Accounts payables	109,869
Trade accounts receivable	23,524	Short-term borrowings	1,483,334
Advance payments -trade	4,758,678	Accrued expenses	58,217
Prepaid expenses	135,865	Corporate income tax payable	6,969
Short-term lending	985,073	Contract liabilities	1,148,570
Others	138,150	Other current liabilities	23,992
Allowance for doubtful accounts	△ 135,286		
Property and equipment	748,683	Long-term liabilities	680,000
Tangible fixed assets	108,521	Long-term borrowings	680,000
Buildings	65,410		
tools, furniture, and fixtures	172,767		
Other	19,880		
Accumulated depreciation	△ 149,536		
Intangible assets	27,985	Total liabilities	3,510,953
Software, net of amortisation	20,990	(Net assets)	
Software in progress	6,995	Capital stock	8,649,013
Investments and other assets	612,176	Common stock	100,000
Stock of affiliates	0	Capital surplus	12,759,399
Long-term advance payments -trade	539,707	Capital reserve	12,759,399
Other assets	72,468	Retained earnings (accumulated deficit)	△ 4,210,385
		Other retained earnings	△ 4,210,385
		Net loss of the period	△ 4,210,385
		Share acquisition rights	5,973
		Total net assets	8,654,986
Total assets	12,165,940	Total liabilities and net assets	12,165,940

Notes regarding important accounting policy:

(1) Standard and methodology of asset valuation

① Standard and methodology of investment securities valuation

Subsidiary stocks are valued with moving-average as per cost method.

(2) Depreciation methodology of fixed assets

① Tangible fixed assets

Property and equipment are stated at cost. Depreciation of property and equipment is computed mainly by the declining-balance method based on the estimated useful lives and the residual value of the assets. The straight-line method is applied to facilities attached to buildings acquired on or after April 1, 2016. For the year ended March 31, 2022, the range of estimated useful lives is principally from 3 to 15 years for buildings and 2 to 10 years for tools, furniture and fixtures.

② Intangible assets

Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method. Software for internal use is amortized by the straight-line method over its estimated useful life (five years).

(3) Provision standard

Allowance for doubtful accounts is provided for possible losses arising from bad debt at an amount determined based on the historical default rates for normal receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(4) Accounting policy for revenue recognition:

Revenue Recognition— The Company elected to adopt “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) and apply accounting policy to recognize revenue with the amounts expected to be received in exchange for the promised goods or services as the control of such goods or services are transferred to customers.

(5) Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into

Japanese yen at the spot exchange rates in effect at the balance sheet date. Foreign exchange gains and losses from the translation are included in the statement of income.

Notes regarding change in display method

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, revised on March 26, 2021) are applied from the the current fiscal year.

The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as "Accounting Standard for Calculation of Fair Value") The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019) and others are applied from the beginning of the current fiscal year, in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Calculation of Fair Value and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The new accounting policies prescribed by the accounting standards are applied prospectively. This change has no impact on the financial statements.

Notes regarding financial receivables and payables to affiliates (JPY thousands):

Short-term financial receivable: 992,960

Short-term financial liability: 10,998

Note regarding accounting in tax effect:

Deferred tax asset derives mainly because of tax loss carry forward, research and development expense, and so forth. Since valuation allowance is recognized against amount equivalent to deferred tax asset, no deferred tax asset has been accounted.

Notes regarding transactions with related parties (JPY thousands):

Affiliate	Name	Shared	Relation	Transaction	Amount	Account	Balance
Subsidiary	ispace Europe, SA	Held 100% by ispace	- Financial support	Lending	-	Shor-term lending	117,328
			- Concurrent directors	Interest reception	3,377	Other current asset	837

	ispace Technologies U.S., Inc.			Lending	677,099	Shor-term lending	867,745
				Interest reception	14,089	Other current asset	-
				Outsourcing Transaction	577,318	Accrued expenses	7,364

- 1 . Market rate is taken into consideration upon lending
- 2 . While foreign exchange (FX) gain / loss is not included in transactional amount, balance accommodates FX gain / loss
- 3 . Allowance for doubtful accounts of JPY 135,286 thousands has been accounted for the lending to subsidiaries, and JPY 33,939 thousands of allowance is recognized in this financial period

Notes regarding information per-share

Net asset per share: JPY (160.46)

Net loss per share: JPY (80.56)

Notes regarding subsequent event (material refinancing):

At a meeting of the Board of Directors held on April 27, 2022, the Company resolved to refinance research and development funds totaling JPY 1,000,000 thousand and executed the following refinancing.

- (1) Lender: 1 bank in relation
- (2) Borrowed amount: JPY 1,000,000 thousand
- (3) Interest rate: Base + spread
- (4) Borrowed date: 6th May 2022
- (5) Term: 1 year

Net loss the financial period is JPY 4,210,385 thousands.