Intuitive Machines Reports Second Quarter 2024 Financial Results; Raises Low-end of 2024 Revenue Outlook

August 2, 2024

- *Achieved $41.4 million of revenue in Q2, up 130% YoY; $114.5 million year to date, more than all of 2023*
- *Raised low-end of full-year 2024 revenue outlook to $210 - $240 million, resulting in 2.6x - 3x prior year sales*
- *Q2 ending cash balance and milestone payments on existing contracts expected to be sufficient to fund operations through the next 12 months*
- *Currently zero debt on the balance sheet; paid down $5 million debt in Q2; remaining $3 million paid in July*
- *Continued mission two assembly, integration and testing; completed engine qualification; received contract modifications of $12.5 million for landing site selection; expected shipment of the completed lander to the launch site in Q4*
- *Signed $18 million in commercial rideshare delivery services since Q1, sold out mission two and continuing to sell rideshare capacity on future missions*
- *Submitted letter of interest in July to commercialize the NASA VIPER rover system and deliver using the Company's cargo class Nova-D lunar lander*

HOUSTON, Aug. 13, 2024 (GLOBE NEWSWIRE) -- Intuitive Machines, Inc. (Nasdaq: LUNR, "Intuitive Machines," or the "Company"), a leading space exploration, infrastructure, and services company, today announced its financial results for the second quarter ended June 30, 2024.

Intuitive Machines CEO Steve Altemus said, "The landmark accomplishments achieved up to and during the second quarter were significant milestones that extend our competitive advantage in providing delivery, data transmission, and autonomous operations, the three pillars of space commercialization."

"For our second mission, we made considerable progress continuing with assembly, integration, and testing of our lander, including successful flight engine qualification. We also completed the system requirements review for our lunar terrain vehicle. This milestone validated Intuitive Machines' lunar terrain vehicle and heavy cargo class lander design. Intuitive Machines is unique among the competitors in the LTV bidding pool as we are the only competing prime contractor with demonstrated experience delivering to, transmitting data from, and autonomously operating on the surface of the Moon."

Mr. Altemus continued, "Our continued operational excellence, along with our detailed roadmap for the rest of the year, gives us the confidence to raise the low end of our revenue outlook. On the cash side, we are now debt free and expect to have more runway with sufficient cash today to fund operations for the next 12 months as we execute on our growth trajectory."

2024 Outlook

- Expect full-year 2024 revenue of $210 - $240 million, resulting in 2.6x - 3x prior year sales
- Q2 ending cash balance expected to be sufficient to fund operations through the next 12 months
- Continue to add cash reserves based on projected wins and planned operations to execute growth trajectory
- Backlog expansion driven by key upcoming awards; Near Space Network Services (NSNS), the next Commercial Lunar Payload Services (CLPS) award, among others
- Expected shipment of the mission two completed lander to the launch site in the fourth quarter with the launch window extending through the first quarter of 2025

Second Quarter 2024 Financial Highlights

- Contracted backlog of $213.0 million as of the end of the second quarter
- Second quarter 2024 revenue of $41.4 million, an increase of 130% year-over-year, driven primarily by the OMES, LTVS, and JETSON low power nuclear satellite projects. Revenue also includes the impact of changes in estimates associated with NASA CLPS contract modifications. Prior period revenue was $18.0 million

- Second quarter 2024 operating loss of $(28.2) million, driven primarily by the completion of the IM-1 mission and the noncash impact of changes in estimates associated with NASA CLPS contract modifications versus $(13.2) million in the prior year period
- Ending cash balance of $31.6 million as of the end of the second quarter and is expected to be sufficient to fund operations through the next 12 months. This includes $21.5M of cash outflow in the quarter for launch provider payments for IM-1, IM-2, and IM-3; majority of launch provider payments now behind us

Conference Call Information

Intuitive Machines will host a conference call today, August 13, 2024, at 8:30 am Eastern Time to discuss these results. A link to the live webcast of the earnings conference call will be made available on the investors portion of the Intuitive Machines' website at https://investors.intuitivemachines.com.

Following the conference call, a webcast replay will be available through the same link on the investors portion of the Intuitive Machines' website at https://investors.intuitivemachines.com.

Key Business Metrics and Non-GAAP Financial Measures

In addition to the GAAP financial measures set forth in this press release, the Company has included certain financial measures that have not been prepared in accordance with generally accepted accounting principles ("GAAP") and constitute "non-GAAP financial measures" as defined by the SEC. This includes adjusted EBITDA ("Adjusted EBITDA").

Adjusted EBITDA is a key performance measure that our management team uses to assess the Company's operating performance and is calculated as net income (loss) excluding results from non-operating sources including interest income, interest expense, gain on extinguishing of debt, share-based compensation, change in fair value instruments, gain or loss on issuance of securities, other income/expense, depreciation, and provision for income taxes. Intuitive Machines has included Adjusted EBITDA because we believe it is helpful in highlighting trends in the Company's operating results and because it is frequently used by analysts, investors, and other interested parties to evaluate companies in our industry.

Adjusted EBITDA has limitations as an analytical measure, and investors should not consider it in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Other companies, including companies in Intuitive Machines' industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results. A reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure is included below under the heading "Reconciliation of GAAP to Non-GAAP Financial Measure."

We define free cash flow as net cash (used in) provided by operating activities less purchases of property and equipment. We believe that free cash flow is a meaningful indicator of liquidity that provides information to management and investors about the amount of cash generated from operations that, after purchases of property and equipment, can be used for strategic initiatives, including continuous investment in our business and strengthening our balance sheet. Free Cash Flow has limitations as a liquidity measure, and you should not consider it in isolation or as a substitute for analysis of our cash flows as reported under GAAP. Some of these limitations are: Free Cash Flow is not a measure calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for financial information prepared in accordance with GAAP; Free Cash Flow may not be comparable to similarly titled metrics of other companies due to differences among methods of calculation; and Free Cash Flow may be affected in the near to medium term by the timing of capital investments, fluctuations in our growth and the effect of such fluctuations on working capital and changes in our cash conversion cycle. A reconciliation of Free Cash Flow to the most directly comparable GAAP financial measure is included below under the heading "Reconciliation of GAAP to Non-GAAP Financial Measure."

The Company has also included contracted backlog, which is defined as the total estimate of the revenue the Company expects to realize in the future as a result of performing work on awarded contracts, less the amount of revenue the Company has previously recognized. Intuitive Machines monitors its backlog because we believe it is a forward-looking indicator of potential sales which can be helpful to investors in evaluating the performance of its business and identifying trends over time.

About Intuitive Machines

Intuitive Machines is a diversified space exploration, infrastructure, and services company focused on fundamentally disrupting lunar access economics. In 2024, Intuitive Machines became the first commercial company to land and operate on the lunar surface, validating its ability to provide the three service pillars required to commercialize a celestial body: delivery, data & communications, and autonomous operations in space. The Company empowers its customers to achieve their ambitious visions and commercial goals in space through seamless collaboration with its robust service pillars. For more information, please visit intuitivemachines.com.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements that do not relate to matters of historical fact should be considered forward looking. These forward-looking statements generally are identified by the words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would," "strategy," "outlook," the negative of these words or other similar expressions, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements include but are not limited to statements regarding: our expectations and plans relating to our lunar missions, including the expected timing of launch and our progress in preparation thereof; our expectations with respect to, among other things, demand for our product portfolio, our submission of bids for contracts including NSNS and CP-22; our expectations regarding revenue for government contracts awarded to us; our operations, our financial performance and our industry; our business strategy, business plan, and plans to drive long-term sustainable shareholder value; information under "2024 Outlook," including our expectations on revenue generation and cash. These forward-looking statements reflect the Company's predictions, projections, or expectations based upon currently available information and data. Our actual results, performance or achievements may differ materially from those expressed or implied by the forward-looking statements, and you are cautioned not to place undue reliance on these forward looking statements. The following important factors and uncertainties, among others, could cause actual outcomes or results to differ materially from those indicated by the forward-looking statements in this

press release: our reliance upon the efforts of our Board and key personnel to be successful; our limited operating history; our failure to manage our growth effectively; competition from existing or new companies; unsatisfactory safety performance of our spaceflight systems or security incidents at our facilities; failure of the market for commercial spaceflight to achieve the growth potential we expect; any delayed launches, launch failures, failure of our satellites or lunar landers to reach their planned orbital locations, significant increases in the costs related to launches of satellites and lunar landers, and insufficient capacity available from satellite and lunar lander launch providers; our customer concentration; risks associated with commercial spaceflight, including any accident on launch or during the journey into space; risks associated with the handling, production and disposition of potentially explosive and ignitable energetic materials and other dangerous chemicals in our operations; our reliance on a limited number of suppliers for certain materials and supplied components; failure of our products to operate in the expected manner or defects in our products; counterparty risks on contracts entered into with our customers and failure of our prime contractors to maintain their relationships with their counterparties and fulfill their contractual obligations; failure to successfully defend protest from other bidders for government contracts; failure to comply with various laws and regulations relating to various aspects of our business and any changes in the funding levels of various governmental entities with which we do business; our failure to protect the confidentiality of our trade secrets, and unpatented know how; our failure to comply with the terms of third-party open source software our systems utilize; our ability to maintain an effective system of internal control over financial reporting, and to address and remediate material weaknesses in our internal control over financial reporting; the U.S. government's budget deficit and the national debt, as well as any inability of the U.S. government to complete its budget process for any government fiscal year, and our dependence on U.S. government contracts and funding by the government for the government contracts; our failure to comply with U.S. export and import control laws and regulations and U.S. economic sanctions and trade control laws and regulations; uncertain global macro-economic and political conditions and rising inflation; our history of losses and failure to achieve profitability and our need for substantial additional capital to fund our operations; the fact that our financial results may fluctuate significantly from quarter to quarter; our holding company status; the risk that our business and operations could be significantly affected if it becomes subject to any litigation, including securities litigation or stockholder activism; our public securities' potential liquidity and trading; and other public filings and press releases other factors detailed under the section titled Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC"), the section titled Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations and the section titled Part II. Item 1A. "Risk Factors" in our most recently filed Quarterly Report on Form 10-Q, and in our subsequent filings with the SEC, which are accessible on the SEC's website at www.sec.gov.

These forward-looking statements are based on information available as of the date of this press release and current expectations, forecasts, and assumptions, and involve a number of judgments, risks, and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.

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INTUITIVE MACHINES, INC.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 31,631	$ 4,498
Restricted cash	2,042	62
Trade accounts receivable, net	38,262	16,881
Contract assets	7,324	6,489
Prepaid and other current assets	3,852	3,681
Total current assets	83,111	31,611
Property and equipment, net	21,305	18,349
Operating lease right-of-use assets	35,577	35,853
Finance lease right-of-use assets	128	95
Total assets	$ 140,121	$ 85,908
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	23,917	$ 16,771
Accounts payable - affiliated companies	5,749	3,493
Current maturities of long-term debt	3,000	8,000
Contract liabilities, current	40,550	45,511
Operating lease liabilities, current	3,025	4,833

Finance lease liabilities, current	36	25
Other current liabilities	8,733	4,747
Total current liabilities	85,010	83,380
Contract liabilities, non-current	3,316	—
Operating lease liabilities, non-current	31,293	30,550
Finance lease liabilities, non-current	84	67
Earn-out liabilities	14,520	14,032
Warrant liabilities	16,109	11,294
Other long-term liabilities	158	4
Total liabilities	150,490	139,327
Commitments and contingencies		
MEZZANINE EQUITY		
Series A preferred stock subject to possible redemption	5,698	28,201
Redeemable noncontrolling interests	218,160	181,662
SHAREHOLDERS' DEFICIT		
Class A common stock	6	2
Class B common stock	—	—
Class C common stock	7	7
Treasury Stock	(12,825)	(12,825)
Paid-in capital	—	—
Accumulated deficit	(222,203)	(250,466)
Total shareholders' deficit attributable to the Company	(235,015)	(263,282)
Noncontrolling interests	788	—
Total shareholders' deficit	(234,227)	(263,282)
Total liabilities, mezzanine equity and shareholders' deficit	$ 140,121	$ 85,908

INTUITIVE MACHINES, INC.
Condensed Consolidated Statements of Operations
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 41,408	$ 17,993	$ 114,476	$ 36,229
Operating expenses:				
Cost of revenue (excluding depreciation)	57,102	22,481	118,013	45,607
Depreciation	423	319	837	615
General and administrative expense (excluding depreciation)	12,057	8,376	29,200	17,153
Total operating expenses	69,582	31,176	148,050	63,375
Operating loss	(28,174)	(13,183)	(33,574)	(27,146)
Other income (expense), net:				
Interest income (expense), net	20	(274)	—	(553)
Change in fair value of earn-out liabilities	22,109	28,756	(488)	25,030
Change in fair value of warrant liabilities	21,009	—	(2,955)	—
Change in fair value of SAFE Agreements	—	—	—	(2,353)
Gain (loss) on issuance of securities	596	—	(68,080)	—
Other income (expense), net	421	(50)	422	39
Total other income (expense), net	44,155	28,432	(71,101)	22,163
Income (loss) before income taxes	15,981	15,249	(104,675)	(4,983)
Income tax benefit	—	3,528	—	313
Net income (loss)	15,981	18,777	(104,675)	(4,670)
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	—	—	—	(5,751)
Net income (loss) (post Business Combination)	15,981	18,777	(104,675)	1,081
Net loss attributable to redeemable noncontrolling interest	(3,088)	(10,744)	(26,379)	(19,080)
Net income attributable to noncontrolling interest	789	—	1,761	—
Net income (loss) attributable to the Company	18,280	29,521	(80,057)	20,161
Less: Preferred dividends	(137)	(655)	(608)	(983)

Net income (loss) attributable to Class A common shareholders	$ 18,143	$ 28,866	$ (80,665)	$ 19,178

INTUITIVE MACHINES, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (104,675)	$ (4,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	837	615
Bad debt expense	440	124
Share-based compensation expense	5,895	1,192
Change in fair value of SAFE Agreements	—	2,353
Change in fair value of earn-out liabilities	488	(25,030)
Change in fair value of warrant liabilities	2,955	—
Loss on issuance of securities	68,080	—
Other	154	18
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(21,821)	(1,091)
Contract assets	(834)	2,272
Prepaid expenses	(172)	(2,154)
Other assets, net	244	358
Accounts payable and accrued expenses	7,145	13,373
Accounts payable – affiliated companies	2,257	559
Contract liabilities – current and long-term	(1,644)	(18,190)
Other liabilities	2,949	14,497
Net cash used in operating activities	(37,702)	(15,774)
Cash flows from investing activities:		
Purchase of property and equipment	(3,793)	(20,200)
Net cash used in investing activities	(3,793)	(20,200)
Cash flows from financing activities:		
Proceeds from Business Combination	—	8,055
Proceeds from issuance of Series A Preferred Stock	—	26,000
Transaction costs	(437)	(9,371)
Proceeds from borrowings	10,000	—
Repayment of loans	(15,000)	—
Proceeds from issuance of securities	27,481	—
Member distributions	—	(4,263)
Stock option exercises	300	22
Payment of withholding taxes from share-based awards	(2,123)	—
Forward purchase agreement termination	—	12,730
Warrants exercised	51,360	16,124
Distribution to noncontrolling interests	(973)	—
Net cash provided by financing activities	70,608	49,297
Net increase in cash, cash equivalents and restricted cash	29,113	13,323
Cash, cash equivalents and restricted cash at beginning of the period	4,560	25,826
Cash, cash equivalents and restricted cash at end of the period	33,673	39,149
Less: restricted cash	2,042	62
Cash and cash equivalents at end of the period	$ 31,631	$ 39,087

INTUITIVE MACHINES, INC.
Reconciliation of GAAP to Non-GAAP Financial Measure

Adjusted EBITDA

The following table presents a reconciliation of net loss, the most directly comparable financial measure presented in accordance with GAAP, to Adjusted EBITDA.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Net income (loss)	$ 15,981	$ 18,777	$ (104,675)	$ (4,670)
Adjusted to exclude the following:				
Taxes	—	(3,528)	—	(313)
Depreciation	423	319	837	615
Interest (income) expense, net	(20)	274	—	553
Share-based compensation expense	1,969	985	5,895	1,192
Change in fair value of earn-out liabilities	(22,109)	(28,756)	488	(25,030)
Change in fair value of warrant liabilities	(21,009)	—	2,955	—
Change in fair value of SAFE Agreements	—	—	—	2,353
(Gain) loss on issuance of securities	(596)	—	68,080	—
Other expense (income), net	(421)	50	(422)	(39)
Adjusted EBITDA	$ (25,782)	$ (11,879)	$ (26,842)	$ (25,339)

Free Cash Flow

We define free cash flow as net cash (used in) provided by operating activities less purchases of property and equipment. We believe that free cash flow is a meaningful indicator of liquidity that provides information to management and investors about the amount of cash generated from operations that, after purchases of property and equipment, can be used for strategic initiatives, including continuous investment in our business and strengthening our balance sheet.

Free Cash Flow has limitations as a liquidity measure, and you should not consider it in isolation or as a substitute for analysis of our cash flows as reported under GAAP. Some of these limitations are:

- Free Cash Flow is not a measure calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for financial information prepared in accordance with GAAP.
- Free Cash Flow may not be comparable to similarly titled metrics of other companies due to differences among methods of calculation.
- Free Cash Flow may be affected in the near to medium term by the timing of capital investments, fluctuations in our growth and the effect of such fluctuations on working capital and changes in our cash conversion cycle.

The following table presents a reconciliation of net cash used in operating activities, the most directly comparable financial measure presented in accordance with GAAP, to free cash flow:

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Net cash used in operating activities	(37,702)	(15,774)
Purchases of property and equipment	(3,793)	(20,200)
Free cash flow	(41,495)	(35,974)

Backlog

The following table presents our backlog as of the periods indicated:

(in thousands)	**June 30, 2024**	**December 31, 2023**
Backlog	$ 212,980	$ 268,566

Backlog decreased by $55.6 million as of June 30, 2024 compared to December 31, 2023, primarily due to continued performance on existing contracts of $114.5 million and decreases related to contract value adjustments of $10.7 million primarily related to various certain fixed price contracts and task order adjustments on the OMES III contract. The decrease was partially offset by $69.6 million in new awards primarily associated with the Lunar Terrain Vehicle Services design project, a new commercial payload contract on the IM-3 mission, task order modification to the IM-2 CLPS contract and an unapproved task order modification to the IM-3 CLPS contract.

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