

Prospectus Supplement No. 14  
(To Prospectus dated July 5, 2023)

INTUITIVE MACHINES, INC.



This prospectus supplement updates, amends and supplements the prospectus dated July 5, 2023 (the “Prospectus”), which forms a part of our Registration Statement on Form S-1 (Registration No. 333-271015). Capitalized terms used in this prospectus supplement and not otherwise defined herein have the meanings specified in the Prospectus.

This prospectus supplement is being filed to update, amend and supplement the information included in the Prospectus with the information contained in our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”) on May 14, 2024, which is set forth below.

This prospectus supplement is not complete without the Prospectus. This prospectus supplement should be read in conjunction with the Prospectus, which is to be delivered with this prospectus supplement, and is qualified by reference thereto, except to the extent that the information in this prospectus supplement updates or supersedes the information contained in the Prospectus. Please keep this prospectus supplement with your Prospectus for future reference.

Intuitive Machines, Inc.’s Class A Common Stock is listed on the Nasdaq Stock Market LLC under the symbol “LUNR.” On May 13, 2024, the closing price of our Class A Common Stock was \$6.07 per share.

**We are an “emerging growth company” under federal securities laws and are subject to reduced public company reporting requirements. Investing in our securities involves certain risks. See “Summary — Implications of Being an Emerging Growth Company and a Smaller Reporting Company” beginning on page 5 of the Prospectus.**

**Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus supplement is May 14, 2024.**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-40823

**INTUITIVE MACHINES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13467 Columbia Shuttle Street**

**Houston, Texas**

(Address of Principal Executive Offices)

**36-5056189**

(I.R.S. Employer  
Identification No.)

**77059**

(Zip Code)

**(281) 520-3703**

Registrant's telephone number, including area code

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	LUNR	The Nasdaq Stock Market LLC
Warrants to purchase one share of Class A Common Stock, each at an exercise price of \$11.50 per share	LUNRW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of May 8, 2024, the Registrant had 53,723,453 shares of Class A common stock, \$0.0001 par value, 0 shares of Class B common stock, \$0.0001 par value, and 70,909,012 shares of Class C common stock, \$0.0001 par value, outstanding.

# INTUITIVE MACHINES, INC.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Quarterly Report”) contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Quarterly Report, 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 may identify forward-looking statements, 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 first mission to the Moon, including the expected timing thereof and our progress and preparation thereof; our expectations with respect to, among other things, demand for our product portfolio, our submission of bids for contracts; our expectations regarding protests of 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; and our expectations on revenue and cash generation. These forward-looking statements reflect our 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 Quarterly Report:

- our reliance upon the efforts of our Board of Directors (the “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 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 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 existing 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;
- 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 (including as a result of a failure to raise the “debt ceiling”) and rising inflation;
- our history of losses and failure to achieve profitability in the future or failure of our business to generate sufficient funds to continue operations;
- our public securities’ potential liquidity and trading; and
- and 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 (the “2023 Annual Report on Form 10-K”), 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 this Quarterly Report and in our subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”).

These forward-looking statements are based on information available as of the date of this Quarterly Report 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. We intend the forward-looking statements contained in this Quarterly Report to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended, the (“Exchange Act”).

**Part I – Financial Information**

**Item 1. Financial Statements**

**INTUITIVE MACHINES, INC.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share data and par value)  
(Unaudited)

	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 55,242	\$ 4,498
Restricted cash	2,042	62
Trade accounts receivable, net of allowance for expected credit losses of \$1,660 and \$0, respectively	35,223	16,881
Contract assets	19,846	6,489
Prepaid and other current assets	3,375	3,681
<b>Total current assets</b>	<b>115,728</b>	<b>31,611</b>
Property and equipment, net	19,523	18,349
Operating lease right-of-use assets	35,402	35,853
Finance lease right-of-use assets	118	95
<b>Total assets</b>	<b>\$ 170,771</b>	<b>\$ 85,908</b>
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 47,429	\$ 16,771
Accounts payable - affiliated companies	7,904	3,493
Current maturities of long-term debt	8,000	8,000
Contract liabilities, current	28,729	45,511
Operating lease liabilities, current	3,857	4,833
Finance lease liabilities, current	32	25
Other current liabilities	8,862	4,747
<b>Total current liabilities</b>	<b>104,813</b>	<b>83,380</b>
Contract liabilities, non-current	3,610	—
Operating lease liabilities, non-current	31,260	30,550
Finance lease liabilities, non-current	80	67
Earn-out liabilities	36,629	14,032
Warrant liabilities	38,312	11,294
Other long-term liabilities	4	4
<b>Total liabilities</b>	<b>214,708</b>	<b>139,327</b>
Commitments and contingencies (Note 12)		
<b>MEZZANINE EQUITY</b>		
Series A preferred stock subject to possible redemption, \$0.0001 par value, 25,000,000 shares authorized, 5,000 and 26,000 shares issued and outstanding	5,560	28,201
Redeemable noncontrolling interests	443,181	181,662
<b>SHAREHOLDERS' DEFICIT</b>		
Class A common stock, \$0.0001 par value, 500,000,000 shares authorized, 52,496,932 and 22,237,988 shares issued, and 51,246,932 and 20,987,988 outstanding	5	2
Class B common stock, \$0.0001 par value, 100,000,000 shares authorized, 0 shares issued and outstanding	—	—
Class C common stock, \$0.0001 par value, 100,000,000 shares authorized, 70,909,012 shares issued and outstanding	7	7
Treasury stock, at cost, 1,250,000 shares, at cost	(12,825)	(12,825)
Paid-in capital	—	—
Accumulated deficit	(480,837)	(250,466)
<b>Total shareholders' deficit attributable to the Company</b>	<b>(493,650)</b>	<b>(263,282)</b>
Noncontrolling interests	972	—
<b>Total shareholders' deficit</b>	<b>(492,678)</b>	<b>(263,282)</b>
<b>Total liabilities, mezzanine equity and shareholders' deficit</b>	<b>\$ 170,771</b>	<b>\$ 85,908</b>

*The accompanying notes are an integral part of these condensed consolidated financial statements*

**INTUITIVE MACHINES, INC.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except share and per share amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Revenue</b>	\$ 73,068	\$ 18,236
<b>Operating expenses:</b>		
Cost of revenue (excluding depreciation)	60,911	23,126
Depreciation	414	296
General and administrative expense (excluding depreciation)	17,143	8,777
<b>Total operating expenses</b>	<u>78,468</u>	<u>32,199</u>
<b>Operating loss</b>	(5,400)	(13,963)
<b>Other expense, net:</b>		
Interest expense, net	(20)	(279)
Change in fair value of earn-out liabilities	(22,597)	(3,726)
Change in fair value of warrant liabilities	(23,964)	—
Change in fair value of SAFE Agreements	—	(2,353)
Loss on issuance of securities	(68,676)	—
Other income, net	1	89
<b>Total other expense, net</b>	<u>(115,256)</u>	<u>(6,269)</u>
<b>Loss before income taxes</b>	(120,656)	(20,232)
Income tax expense	—	(3,215)
Net loss	(120,656)	(23,447)
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	—	(5,751)
<b>Net loss (post Business Combination)</b>	(120,656)	(17,696)
Net loss attributable to redeemable noncontrolling interest	(23,291)	(8,336)
Net income attributable to noncontrolling interest	972	—
<b>Net loss attributable to the Company</b>	(98,337)	(9,360)
Less: Preferred dividends	(471)	(328)
<b>Net loss attributable to Class A common shareholders</b>	<u>\$ (98,808)</u>	<u>\$ (9,688)</u>
<b>Net loss per share<sup>(1)</sup></b>		
Net loss per share of Class A common stock - basic and diluted	\$ (2.70)	\$ (0.64)
<b>Weighted-average common shares outstanding</b>		
Weighted average shares outstanding - basic and diluted	36,612,270	15,224,378

<sup>(1)</sup>As a result of the Business Combination, the capital structure changed and the net loss per share information for 2023 represents results after the Closing Date of the Business Combination, for the period from February 13, 2023 through March 31, 2023. See Note 1 - Business Description and Note 11 - Net Loss per Share for additional information.

*The accompanying notes are an integral part of these condensed consolidated financial statements*



**INTUITIVE MACHINES, INC.**  
**Condensed Consolidated Statements of Mezzanine Equity**  
(In thousands except per share data)  
(Unaudited)

Three Months Ended March 31, 2024

	Series A Preferred Stock		Redeemable Noncontrolling Interest
	Shares	Amount	
<b>Balance, December 31, 2023</b>	26,000	\$ 28,201	\$ 181,662
Conversion of Series A preferred stock (Note 7)	(21,000)	(23,120)	—
Cumulative preferred dividends	—	471	—
Accretion of preferred stock discount	—	8	—
Subsequent remeasurement of redeemable noncontrolling interests	—	—	284,810
Net loss attributable to redeemable noncontrolling interests	—	—	(23,291)
<b>Balance, March 31, 2024</b>	<u>5,000</u>	<u>\$ 5,560</u>	<u>\$ 443,181</u>

Three Months Ended March 31, 2023

	Series A Preferred Stock		Redeemable Noncontrolling Interest
	Shares	Amount	
<b>Balance, December 31, 2022</b>	—	—	—
Issuance of Series A preferred stock	26,000	25,827	—
Cumulative preferred dividends	—	328	—
Establishment of redeemable noncontrolling interests	—	—	(85,865)
Subsequent remeasurement of redeemable noncontrolling interests	—	—	830,229
Net loss attributable to redeemable noncontrolling interests	—	—	(8,336)
<b>Balance, March 31, 2023</b>	<u>26,000</u>	<u>\$ 26,155</u>	<u>\$ 736,028</u>

*The accompanying notes are an integral part of these condensed consolidated financial statements*

**INTUITIVE MACHINES, INC.**  
**Condensed Consolidated Statements of Shareholders' Deficit**  
(In thousands except per share data)  
(Unaudited)

**Three Months Ended March 31, 2024**

	Common Stock Class A		Common Stock Class C		Treasury Stock	Paid-in Capital	Accumulated Deficit	Shareholders' Deficit attributable to the Company	NCI	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount						
<b>Balance, December 31, 2023</b>	22,279,876	\$ 2	70,909,012	\$ 7	\$ (12,825)	\$ —	\$ (250,466)	\$ (263,282)	\$ —	\$ (263,282)
Share-based compensation expense	—	—	—	—	—	3,926	—	3,926	—	3,926
Cumulative preferred dividends	—	—	—	—	—	(471)	—	(471)	—	(471)
Accretion of preferred stock discount	—	—	—	—	—	(8)	—	(8)	—	(8)
Conversion of Series A preferred stock (Note 7)	7,738,743	1	—	—	—	23,119	—	23,120	—	23,120
Class A common stock issued for warrants exercised	18,823,633	2	—	—	—	126,210	—	126,212	—	126,212
Class A common stock issued related to loan conversion (Notes 5 and 7)	3,487,278	—	—	—	—	—	—	—	—	—
Class A common stock issued for stock options exercised	167,402	—	—	—	—	—	—	—	—	—
Subsequent remeasurement of redeemable noncontrolling interests	—	—	—	—	—	(152,776)	(132,034)	(284,810)	—	(284,810)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	—	972	972
Net loss attributable to the Company	—	—	—	—	—	—	(98,337)	(98,337)	—	(98,337)
<b>Balance, March 31, 2024</b>	<b>52,496,932</b>	<b>\$ 5</b>	<b>70,909,012</b>	<b>\$ 7</b>	<b>\$ (12,825)</b>	<b>\$ —</b>	<b>\$ (480,837)</b>	<b>\$ (493,650)</b>	<b>\$ 972</b>	<b>\$ (492,678)</b>

**Three Months Ended March 31, 2023**

	Members Units		Common Stock Class A		Common Stock Class B		Common Stock Class C		Treasury Stock	Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance, December 31, 2022</b>	122,505,500	\$ 1	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ 14,967	\$ (72,587)	\$ (57,619)
Issuance of units	21,500	—	—	—	—	—	—	—	—	22	—	22
Share-based compensation expense	—	—	—	—	—	—	—	—	—	101	—	101
Net loss	—	—	—	—	—	—	—	—	—	—	(5,751)	(5,751)
<b>Effects of Business Combination</b>												
Recapitalization	(122,527,000)	(1)	13,736,932	2	10,566	—	68,140,188	6	—	47,438	—	47,445
Conversion of SAFE Agreements	—	—	2,066,667	—	—	—	—	—	—	20,667	—	20,667
Issuance of warrants to preferred shareholders	—	—	—	—	—	—	—	—	—	173	—	173
Transaction costs	—	—	—	—	—	—	—	—	—	(24,445)	—	(24,445)
Establishment of the earn-out liabilities	—	—	—	—	—	—	—	—	—	(99,659)	—	(99,659)
Establishment of redeemable noncontrolling interest	—	—	—	—	—	—	—	—	—	85,865	—	85,865
<b>Activities subsequent to the Business Combination</b>												
Share-based compensation expense	—	—	—	—	—	—	—	—	—	106	—	106
Cumulative preferred dividends	—	—	—	—	—	—	—	—	—	(328)	—	(328)
Repurchase of common stock	—	—	—	—	—	—	—	—	(12,825)	—	—	(12,825)
Class A common stock issued for warrants exercised	—	—	218,205	—	—	—	—	—	—	2,509	—	2,509
Subsequent remeasurement of redeemable noncontrolling interests	—	—	—	—	—	—	—	—	—	(47,416)	(782,813)	—
Net income attributable to the Company	—	—	—	—	—	—	—	—	—	—	(9,360)	(9,360)
<b>Balance, March 31, 2023</b>	<b>—</b>	<b>\$ —</b>	<b>16,021,804</b>	<b>\$ 2</b>	<b>10,566</b>	<b>\$ —</b>	<b>68,140,188</b>	<b>\$ 6</b>	<b>\$ (12,825)</b>	<b>\$ —</b>	<b>\$ (870,511)</b>	<b>\$ (883,328)</b>

*The accompanying notes are an integral part of these condensed consolidated financial statements*

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

	Three Months Ended March 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net loss	\$ (120,656)	\$ (23,447)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	414	296
Bad debt expense	1,660	—
Share-based compensation expense	3,926	207
Change in fair value of SAFE Agreements	—	2,353
Change in fair value of earn-out liabilities	22,597	3,726
Change in fair value of warrant liabilities	23,964	—
Loss on issuance of securities	68,676	—
Other	—	582
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(20,002)	(1,006)
Contract assets	(13,357)	(4,727)
Prepaid expenses	305	(2,785)
Other assets, net	429	178
Accounts payable and accrued expenses	30,658	6,994
Accounts payable – affiliated companies	4,411	170
Contract liabilities – current and long-term	(13,172)	(8,140)
Other liabilities	3,705	6,933
<b>Net cash used in operating activities</b>	<b>(6,442)</b>	<b>(18,666)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,588)	(8,565)
<b>Net cash used in investing activities</b>	<b>(1,588)</b>	<b>(8,565)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Business Combination	—	8,055
Proceeds from issuance of Series A Preferred Stock	—	26,000
Transaction costs	—	(782)
Proceeds from borrowings	10,000	—
Repayment of loans	(10,000)	—
Proceeds from issuance of securities	10,000	—
Stock option exercises	165	22
Forward purchase agreement termination	—	12,730
Warrants exercised	50,589	2,243
<b>Net cash provided by financing activities</b>	<b>60,754</b>	<b>48,268</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>52,724</b>	<b>21,037</b>
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	57,284	46,863
Less: restricted cash	2,042	62
Cash and cash equivalents at end of the period	<b>\$ 55,242</b>	<b>\$ 46,801</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest, net	\$ 212	\$ 464
Cash paid for taxes	\$ —	\$ 9
<b>Noncash financing activities:</b>		
Transaction costs	\$ —	\$ (23,663)
SAFE Agreements	\$ —	\$ 20,667
Conversion of Series A preferred stock (Note 7)	\$ 23,120	\$ —
Preferred dividends	\$ (471)	\$ (328)

*The accompanying notes are an integral part of these condensed consolidated financial statements*

**INTUITIVE MACHINES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - BUSINESS DESCRIPTION**

Intuitive Machines, Inc. (formerly known as Inflection Point Acquisition Corp. or “IPAX”), collectively with its subsidiaries (the “Company,” “IM,” “Intuitive Machines,” “we,” “us” or “our”) designs, manufactures and operates space products and services. Intuitive Machines’ near-term focus is to create and operate space systems and space infrastructure on and in the vicinity of the Moon that enable scientific and human exploration and utilization of lunar resources to support sustainable human presence on the Moon and exploration to Mars and beyond. Intuitive Machines offers its customers the flexibility needed to pioneer a thriving and diverse lunar economy designed to enable a permanent presence in lunar orbit and on the lunar surface. IM is currently headquartered in Houston, Texas.

Intuitive Machines, Inc. was a blank check company originally incorporated on January 27, 2021 as a Cayman Islands exempted company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. On September 24, 2021, IPAX consummated an initial public offering, after which its securities began trading on the Nasdaq Stock Market LLC (“Nasdaq”).

*IPAX Business Combination*

On September 16, 2022, IPAX entered into a certain Business Combination Agreement (the “Business Combination Agreement”) by and between IPAX and Intuitive Machines, LLC, a Delaware limited liability company (formerly, a Texas limited liability company). On February 10, 2023, IPAX filed a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and certificate of corporate domestication with the Secretary of State of the State of Delaware, pursuant to which IPAX was domesticated and continues as a Delaware corporation, changing its name to “Intuitive Machines, Inc.”

On February 13, 2023 (the “Closing Date”), Intuitive Machines, Inc. and Intuitive Machines, LLC consummated the previously announced business combination (the “Business Combination”) and related transactions (the “Transactions”) contemplated by the Business Combination Agreement. As a result of the Transactions, all of the issued and outstanding common units of Intuitive Machines, LLC were converted into common stock of Intuitive Machines, Inc. using an exchange ratio of 0.5562 shares of Intuitive Machines, Inc. common stock per each unit of Intuitive Machines, LLC Common Unit. In addition, Intuitive Machines, LLC’s share-based compensation plan and related share-based compensation awards were exchanged or converted, as applicable, into common stock of Intuitive Machines, Inc.

In connection with the Transactions, the Company was reorganized into an Up-C structure, in which substantially all of the assets and business of the Company are held by Intuitive Machines, LLC and continue to operate through Intuitive Machines, LLC and its subsidiaries. Intuitive Machines, Inc. is a holding company whose only material asset is its equity ownership interests of Intuitive Machines, LLC. While Intuitive Machines, LLC became a subsidiary of Intuitive Machines, Inc. and Intuitive Machines, Inc. was appointed as its managing member, Intuitive Machines, LLC was deemed to be the acquirer in the Business Combination for accounting purposes. Accordingly, the Business Combination was accounted for as a reverse recapitalization, in which case the condensed consolidated financial statements of the Company represent a continuation of the Intuitive Machines, LLC and the issuance of common stock in exchange for the net assets of Intuitive Machines, Inc. was recorded at historical cost with no recognition of goodwill or other intangible assets. Operations prior to the Business Combination are those of Intuitive Machines, LLC. In addition, the number of shares subject to, and the exercise price of, the Company’s outstanding options were adjusted to reflect the Business Combination. The treatment of the Business Combination as a reverse recapitalization was based upon the pre-merger members of Intuitive Machines, LLC holding the majority of the voting interests of Intuitive Machines, Inc., Intuitive Machines, LLC’s existing management team serving as the initial management team of Intuitive Machines, Inc., Intuitive Machines, LLC’s appointment of the majority of the initial board of directors of Intuitive Machines, Inc., and the significance of Intuitive Machines, LLC’s operations prior to the Business Combination which represent the entirety of Company’s operations.

In connection with the Business Combination, approximately \$34.1 million of cash held in trust, net of redemptions by IPAX’s public shareholders, became available for use by the Company as well as proceeds received from the contemporaneous sale of preferred stock in connection with the closing of a PIPE investment. In addition, the Company entered into a common stock purchase agreement, dated September 16, 2022 (the “Cantor Purchase Agreement”) relating to an equity facility under which shares of newly issued Intuitive Machines Class A common stock, par value \$0.0001 per share (the “Class A Common Stock”) may be sold to CF Principal Investments LLC (“CFPI”), at the Company’s discretion, up to the lesser of (i.) \$50.0 million and (ii) the “exchange cap” specified therein, subject to certain customary conditions and limitations set for in the Cantor Purchase Agreement. Beginning on February 14, 2023, the Company’s

Class A Common Stock and warrants to purchase the Class A Common Stock at an exercise price of \$11.50 per share (the “Public Warrants”) began trading on Nasdaq under the symbols “LUNR” and “LUNRW,” respectively.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation and Principles of Consolidation**

The Company’s unaudited condensed consolidated financial statements and related notes have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) for interim reporting and pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. Our condensed consolidated financial statements include the accounts of Intuitive Machines, the accounts of Intuitive Aviation Inc. (“IA” or “Intuitive Aviation”), a wholly owned subsidiary, Space Network Solutions, LLC (“SNS” or “Space Network Solutions”) a majority-owned subsidiary, and IX, LLC, a variable interest entity (“VIE”) for which we are the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the years ended December 31, 2023 and 2022 contained in our Annual Report on Form 10-K, filed with the SEC on March 25, 2024. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. Management’s opinion is that all adjustments for a fair statement of the results for the interim periods have been made, and all adjustments are of a normal recurring nature or a description of the nature and amount of any adjustments other than normal recurring adjustments have been appropriately disclosed.

### **Emerging Growth Company**

The Company is an emerging growth company (“EGC”), as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Section 102(b)(1) of the JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company did not opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an EGC, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

### **Use of Estimates**

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

The Company bases its estimates and assumptions on historical experience, other factors, including the current economic environment, and various other judgments that it believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future reporting periods.

### **Segment Reporting**

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker (“CODM”) in making decisions regarding resource allocation and assessing performance. All of the Company’s assets are maintained in the United States. The Company has determined that it operates in one operating segment and one reportable segment, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance.

## **Concentration of Credit Risks**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

The majority of the Company's cash and cash equivalents are held at major financial institutions. Certain account balances exceed the Federal Deposit Insurance Corporation insurance limits of \$250,000 per account. The Company generally does not require collateral to support the obligations of the counterparties and cash levels held at banks are more than federally insured limits. The Company limits its exposure to credit loss by maintaining its cash and cash equivalents with highly rated financial institutions. The Company has not experienced material losses on its deposits of cash and cash equivalents.

The Company monitors the creditworthiness of its customers to whom it grants credit terms in the normal course of its business. The Company evaluates the collectability of its accounts receivable based on known collection risks and historical experience. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations to the Company (e.g., bankruptcy filings, substantial downgrading of credit ratings), the Company records a specific allowance for expected credit losses against amounts to reduce the net recognized receivable to the amount it reasonably believes will be collected and revenue recognition is deferred until the amount is collected and the contract is completed. For all other customers, the Company records allowances for credit losses based on the specific analysis of the customer's ability to pay on an as needed basis.

Major customers are defined as those individually comprising more than 10% of the Company's total revenue. There was one major customer that accounted for 93% and 74%, respectively, of the Company's total revenue for the three months ended March 31, 2024 and 2023, respectively. The largest customer's accounts receivable balance was 84% and 80% as of March 31, 2024 and December 31, 2023, respectively.

Major suppliers are defined as those individually comprising more than 10% of the annual goods or services purchased. For the three months ended March 31, 2024 the Company had one major supplier representing 38% of goods and services purchased. For the three months ended March 31, 2023, the Company had two major suppliers representing 63% and 11% of goods and services purchased. As of March 31, 2024 and December 31, 2023, the one major supplier represented 45% and 2%, respectively, of the accounts payable balance.

## **Liquidity and Capital Resources**

The unaudited condensed consolidated financial statements as of March 31, 2024 and for the three months ended March 31, 2024 and 2023, and related notes were prepared on the basis of a going concern, which contemplates that the Company will be able to realize assets and discharge liabilities in the normal course of business.

As of March 31, 2024, the Company had cash and cash equivalents of \$55.2 million and working capital of \$10.9 million. The Company has historically funded its operations through internally generated cash on hand, proceeds from sales of its capital stock including the execution of SAFE Agreements, proceeds from warrant exercises, and proceeds from the issuance of bank debt. In the first quarter of 2024, the Company received approximately \$60.6 million in gross proceeds from warrant exercises and other equity transactions, as further described in Notes 7 and 8.

In connection with the Business Combination as discussed in Notes 1 and 7, the Company entered into the Cantor Purchase Agreement, pursuant to which the Company may direct CFPI, at the Company's discretion, to purchase up to the lesser of (i) \$50.0 million of newly issued shares of Class A Common Stock and (ii) the "exchange cap" specified therein, subject to certain customary conditions and limitations set forth in the agreement. Additionally, in April 2024, the Company and Cantor entered into a Controlled Equity Offering Sales Agreement with Cantor acting as the Company's exclusive sales agent for the sale of newly issued shares of Class A Common Stock for aggregate proceeds up to \$100.0 million.

Management believes that the cash and cash equivalents as of March 31, 2024, and the additional liquidity available with the Cantor Purchase Agreement and Controlled Equity Offering Sales Agreement discussed in Note 7, will be sufficient to fund the short-term liquidity needs and the execution of the business plan through at least the twelve-month period from the date the financial statements are issued.

## Transaction Costs

### Business Combination

Transaction costs consist of direct legal, consulting, audit and other fees related to the consummation of the Business Combination and related transactions as described further in Note 1. These costs were initially capitalized as incurred and recorded as prepaid expenses in our condensed consolidated balance sheets and totaled \$5.3 million as of December 31, 2022. Upon the completion of the Business Combination, transaction costs directly related to the issuance of shares were netted against the proceeds from the merger and recorded as an offset in additional paid-in capital upon consummation of the transactions. Total transaction costs charged to additional paid in capital were approximately \$24.4 million during the three months ended March 31, 2023. During the first quarter of 2023, approximately \$782 thousand in transaction costs were paid by Intuitive Machines, LLC and \$8.1 million in transaction costs were accrued in accounts payable in our condensed consolidated balance sheets. The remaining difference was paid by Intuitive Machines, LLC in 2022 or by IPAX prior to the closing of the Business Combination.

### Recent Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which focuses on the rate reconciliation and income taxes paid. ASU No. 2023-09 requires a public business entity to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. For public business entities, the new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continue to provide the pre-ASU disclosures for the prior periods or may apply the amendments retrospectively by providing the revised disclosures for all period presented. The Company is assessing the potential impact of adopting the ASU on its financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. It requires a public entity to disclose the title and position of the Chief Operating Decision Maker. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. The Company is assessing the potential impact of adopting the ASU on its financial statements.

### Other Current Liabilities

As of March 31, 2024 and December 31, 2023, other current liabilities consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Payroll accruals	5,687	2,553
Income tax payable	20	20
Professional fees accruals	715	832
Commercial insurance financing	1,007	493
Commitment shares liability (see Note 7)	755	755
Other accrued liabilities	678	94
Other current liabilities	\$ 8,862	\$ 4,747

## NOTE 3 - REVENUE

### Disaggregated Revenue

We disaggregate our revenue from contracts with customers by contract type. The following table provides information about disaggregated revenue for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,			
	2024		2023	
<b>Revenue by Contract Type</b>				
Cost reimbursable	\$ 42,040	58 %	\$ —	— %
Fixed price	29,208	40 %	16,595	91 %
Time and materials	1,820	2 %	1,641	9 %
<b>Total</b>	<b>\$ 73,068</b>	<b>100 %</b>	<b>\$ 18,236</b>	<b>100 %</b>

### Contract Assets and Liabilities

Contract assets primarily relate to deferred contract costs for subcontracted launch services, as well as work completed not yet billed for performance obligations that are satisfied over time. Deferred contract costs and unbilled receivables are recorded contract assets on our condensed consolidated balance sheets. Contract assets related to deferred contract costs are amortized straight-line across the life of the long-term service arrangement. Contract assets related to work completed for performance obligations that are satisfied over time are transferred to receivables when the right to consideration becomes unconditional. Contract liabilities relate to billings or consideration received in advance of performance (obligation to transfer goods or services to a customer) under the contract as well as provisions for loss contracts. Contract liabilities are recognized as revenue when the performance obligation has been performed. Current deferred revenue and provisions for loss contracts are recorded in current contract liabilities on our condensed consolidated balance sheets. Long-term deferred revenue and provisions for loss contracts are recorded in long-term contract liabilities on our condensed consolidated balance sheets.

The following table presents contract assets as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
<b>Contract Assets</b>		
Unbilled receivables	\$ 13,289	\$ 6,146
Deferred contract costs	6,557	343
<b>Total</b>	<b>\$ 19,846</b>	<b>\$ 6,489</b>

Amortization expense associated with deferred contract costs for subcontracted launch services was recorded in cost of revenue and was \$4.7 million and \$9.9 million for the three months ended March 31, 2024 and 2023, respectively.

The following table presents contract liabilities as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
<b>Contract liabilities – current</b>		
Deferred revenue	\$ 19,184	\$ 22,926
Contract loss provision	7,760	9,567
Accrued launch costs	1,785	13,018
Total contract liabilities – current	28,729	45,511
<b>Contract liabilities – long-term</b>		
Contract loss provision	3,610	—
Total contract liabilities – long-term	3,610	—
<b>Total contract liabilities</b>	<b>\$ 32,339</b>	<b>\$ 45,511</b>

Revenue recognized from amounts included in contract liabilities at the beginning of the period was \$7.2 million and \$15.8 million during the three months ended March 31, 2024 and 2023, respectively.



## Loss Contracts

Contract losses are a result of constraining variable consideration and estimated contract costs exceeding current contract price. The Company experiences favorable or unfavorable changes to contract losses from time to time due to changes in estimated contract costs and modifications that result in changes to contract price. We recorded (favorable) and unfavorable changes in net losses related to contracts with customers of \$(8.2) million and \$6.7 million for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, the status of these loss contracts was as follows:

- The first contract, for lunar payload services, became a loss contract in 2019 due to the constraint of variable consideration. The contract was successfully completed in February 2024. As a result of the successful mission, previously constrained variable consideration of \$12.3 million as of December 31, 2023 was released and approximately \$11.6 million was recognized as revenue during the first quarter of 2024. For the three months ended March 31, 2024, and 2023, changes in estimated contract costs resulted in (favorable) and unfavorable changes of \$(6.7) million and \$5.4 million contract loss, respectively. As of December 31, 2023, the contract loss provision recorded in contract liabilities, current in our condensed consolidated balance sheets was \$10 thousand.
- The second contract, for lunar payload services, became a loss contract in 2021 due to the constraint of variable consideration and estimated contract costs exceeding current contract price. Variable consideration has been constrained to \$0 from a total potential amount of \$9.4 million. For the three months ended March 31, 2024 and 2023, changes in estimated contract costs resulted in an additional \$1.1 million and \$0.2 million in contract loss, respectively. As of March 31, 2024, and 2023, this contract was approximately 59% complete and 40% complete, respectively. The period of performance for this contract currently runs through June 2024 although we anticipate that the launch and post-launch services will occur in 2025 as a result of ongoing discussions with the customer and pending modifications to the contract. As of March 31, 2024 and December 31, 2023, the contract loss provision recorded in contract liabilities, current was \$5.3 million and \$7.4 million, respectively, and \$3.6 million and zero, respectively, in contract liabilities, non-current in our condensed consolidated balance sheets.
- The third contract, for lunar payload services, became a loss contract in 2022 due to the constraint of variable consideration and estimated contract costs exceeding current contract price. Variable consideration has been constrained to \$0 from a total potential amount of \$13.0 million. For the three months ended March 31, 2024 and 2023, changes in estimated contract costs resulted in (favorable) and unfavorable changes of \$(1.9) million and \$0.9 million contract loss, respectively. As of March 31, 2024 this contract was approximately 85% complete. The period of performance for this contract currently runs through June 2024 although we anticipate that the launch and post-launch services will occur in late 2024 as a result of ongoing discussions with the customer and pending modifications to the contract. As of March 31, 2024 and December 31, 2023, the contract loss provision recorded in contract liabilities, current in our condensed consolidated balance sheets was \$2.5 million and \$2.1 million, respectively.
- The remaining loss contracts are individually and collectively immaterial.

## Remaining Performance Obligations

Remaining performance obligations represent the remaining transaction price of firm orders for which work has not been performed and excludes unexercised contract options. As of March 31, 2024, the aggregate amount of the transaction price allocated to remaining fixed price performance obligations was \$65.8 million. The Company expects to recognize revenue on approximately 50-55% of the remaining performance obligations over the next 9 months, 40-45% in 2025 and the remaining thereafter. Remaining performance obligations do not include variable consideration that was determined to be constrained as of March 31, 2024.

For time and materials contracts and cost reimbursable contracts, we have adopted the practical expedient that allows us to recognize revenue based on our right to invoice; therefore, we do not report unfulfilled performance obligations for time and materials agreements.

#### NOTE 4 - PROPERTY AND EQUIPMENT, NET

As of March 31, 2024 and December 31, 2023, property and equipment, net consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Vehicles and trailers	\$ 129	\$ 129
Computers and software	2,700	2,864
Furniture and fixtures	1,707	1,666
Machinery and equipment	3,365	2,772
Construction in progress	14,688	13,795
Property and equipment, gross	22,589	21,226
Less: accumulated depreciation and amortization	(3,066)	(2,877)
Property and equipment, net	<u>\$ 19,523</u>	<u>\$ 18,349</u>

Total depreciation expense related to property and equipment was \$414 thousand and \$296 thousand for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024 and December 31, 2023, the Company pledged property and equipment with net book value of approximately \$19.5 million and \$18.3 million, respectively, as security for its Credit Mobilization Facility (as defined in Note 5) with Live Oak Banking Company.

As of March 31, 2024, construction in progress includes construction costs of \$14.7 million associated with the fabrication of a commercial communications satellite. The Company capitalized interest in connection with construction in progress of \$213 thousand and \$173 thousand for the three months ended March 31, 2024 and 2023, respectively.

#### NOTE 5 - DEBT

The following table summarizes our outstanding debt (in thousands):

	March 31, 2024	December 31, 2023
Credit Mobilization Facility	\$ 8,000	\$ 8,000
Less: deferred financing costs	—	—
Less: current maturities	(8,000)	(8,000)
Long-term debt, net of current maturities	<u>\$ —</u>	<u>\$ —</u>

As of March 31, 2024 and December 31, 2023, the weighted-average interest rate on short-term borrowings outstanding was 10.62% and 10.20%, respectively.

#### Live Oak Credit Mobilization Facility

In December 2019, the Company entered into a loan agreement with Live Oak Banking Company (the "Credit Mobilization Facility") which provided a \$12.0 million credit mobilization facility that was paid in full as of November 2023. In July 2022, we entered into the Second Amended and Restated Loan Agreement with Live Oak Banking Company which provided an \$8.0 million credit mobilization facility with a loan maturity of July 14, 2024. The Credit Mobilization Facility bears interest (payable monthly) at a rate per annum equal to the greater of (a) the prime rate, as published in the Wall Street Journal newspaper, plus 2.0% and (b) 5.0% and requires the Company to meet certain financial and other covenants and are secured by substantially all of the assets of the Company. There was \$8.0 million outstanding under the Credit Mobilization Facility as of March 31, 2024 and December 31, 2023.

#### Bridge Loan

On January 10, 2024, the Company entered into a series of loan documents with Pershing LLC, an affiliate of Bank of New York Mellon, pursuant to which Pershing LLC agreed to an extension of credit in an amount not to exceed \$10.0 million to the Company (the "Bridge Loan"). Borrowings under the Bridge Loan bear interest at the target interest rate set by the Federal Open Market Committee ("Fed Funds Rate"), subject to a 5.5% floor, plus a margin. For borrowings, the

applicable rate margin is 0.9%. The \$10.0 million in borrowings are available for working capital needs and other general corporate purposes must be repaid by February 22, 2024.

The Bridge Loan included guarantees (the “Credit Support Guarantees”) by Ghaffarian Enterprises, LLC (an affiliate of Dr. Kamal Ghaffarian) (“Ghaffarian Enterprises” or “Guarantor”) and documentation by which Ghaffarian Enterprises, LLC supported such Credit Support Guarantees with collateral including marketable securities (the “Credit Support”), in each case in favor of the lender for the benefit of the Company. On January 10, 2024, the Company and Ghaffarian Enterprises entered into a credit support fee and subrogation agreement, where the Company agreed to pay a support fee of \$148 thousand for the Credit Support.

On January 29, 2024, the Bridge Loan was repaid in full as a result of \$10.0 million in contributions from the Guarantor under the Bridge Loan Conversion transaction further described in Note 7.

#### **NOTE 6 - INCOME TAXES**

The Company is a corporation and thus is subject to United States (“U.S.”) federal, state and local income taxes. Intuitive Machines, LLC is a partnership for U.S. federal income tax purposes and therefore does not pay U.S. federal income tax on its taxable income. Instead, the Intuitive Machines, LLC unitholders, including the Company, are liable for U.S. federal income tax on their respective shares of Intuitive Machines, LLC’s taxable income. Intuitive Machines, LLC is liable for income taxes in those states which tax entities classified as partnerships for U.S. federal income tax purposes.

For the three months ended March 31, 2024 and 2023, we recognized a combined U.S. federal and state expense for income taxes of zero and \$3.2 million, respectively. The effective combined U.S. federal and state income tax rates were zero and (15.9%) for the three months ended March 31, 2024 and 2023, respectively. For three months ended March 31, 2024, our effective tax rate differed from the statutory rate of 21% primarily due to deferred taxes for which no benefit is being recorded and losses attributable to noncontrolling interest unitholders that are taxable on their respective share of taxable income. For the three months ended March 31, 2023, our effective tax rate differed from the statutory rate primarily due to Intuitive Machines, LLC’s status as a partnership for U.S. federal income tax purposes.

In conjunction with the consummation of the Transactions, Intuitive Machines, Inc. entered into the TRA with Intuitive Machines, LLC and the TRA Holders. Pursuant to the TRA, Intuitive Machines, Inc. is required to pay the TRA Holders 85% of the amount of cash tax savings, if any, in U.S. federal, state, and local income tax that are based on, or measured with respect to, net income or profits, and any interest related thereto that Intuitive Machines, Inc. realizes, or is deemed to realize, as a result of certain Tax Attributes, including (A) existing tax basis of certain assets of Intuitive Machines, LLC and its subsidiaries, (B) tax basis adjustments resulting from taxable exchanges of Intuitive Machines, LLC Common Units acquired by Intuitive Machines, Inc. (C) certain tax benefits realized by Intuitive Machines, Inc. as a result of the Business Combination, and (D) tax deduction in respect of portions of certain payments made under the TRA. All such payments to the TRA Holders are the obligations of the Intuitive Machines, Inc. and not that of Intuitive Machines, LLC. As of March 31, 2024, there have been no exchanges of Intuitive Machines, LLC units for Class A Common Stock and, accordingly, no deferred tax assets subject to the TRA or TRA liabilities currently exist.

#### **NOTE 7 - MEZZANINE EQUITY AND EQUITY**

##### *Private Placement Transaction*

On September 5, 2023, the Company consummated a securities purchase agreement (the “Purchase Agreement”) with Armistice Capital Master Fund Ltd (the “Purchaser”) pursuant to which the Company agreed to sell securities to the Purchaser in a private placement (the “Private Placement”). The Purchase Agreement provided for the sale and issuance by the Company of (i) an aggregate of 4,705,883 shares of the Company’s Class A Common Stock (the “PIPE Shares”) and (ii) an accompanying (a) warrant to purchase up to 4,705,883 shares of Class A Common Stock (the “Initial Series A Warrant”) at an exercise price of \$4.75 per share and (b) warrant to purchase up to 4,705,883 shares of Class A Common Stock (the “Initial Series B Warrant”) at an exercise price of \$4.75 per share, for aggregate gross proceeds of \$20.0 million, before deducting related transaction costs of \$1.4 million. The Initial Series A Warrant and the Initial Series B Warrant are immediately exercisable and will expire on March 5, 2029 and March 5, 2025, respectively.

See Note 8 for additional information on the Initial Series A and the Initial Series B Warrants.

### Bridge Loan Conversion

On January 28, 2024, the Company and the Guarantor entered into a letter agreement (the “Letter Agreement”) pursuant to which, on January 29, 2024 the Guarantor contributed \$10.0 million to the Company for purposes of repaying the principal amount owed to the lender under the Bridge Loan in exchange for which the Company issued to the Guarantor 3,487,278 shares of the Company’s Class A Common Stock and Conversion Warrants described further in Note 8. Following the contribution, all amounts due to the Lender in satisfaction of the Bridge Loan were repaid in full.

See Note 8 for further discussion of the Conversion Warrants.

### Capital Stock

The table below reflects share information about the Company’s capital stock as of March 31, 2024.

	Par Value	Authorized	Issued	Treasury Stock	Outstanding
Class A Common Stock	\$ 0.0001	500,000,000	52,496,932	(1,250,000)	51,246,932
Class B Common Stock	\$ 0.0001	100,000,000	—	—	—
Class C Common Stock	\$ 0.0001	100,000,000	70,909,012	—	70,909,012
Series A Preferred Stock	\$ 0.0001	25,000,000	5,000	—	5,000
Total shares		725,000,000	123,410,944	(1,250,000)	122,160,944

### Equity Facility

On September 16, 2022, the Company entered into the Cantor Purchase Agreement with CFPI relating to an equity facility under which shares of newly issued Class A Common Stock may be sold to CFPI by Intuitive Machines, Inc. Pursuant to the terms of the Cantor Purchase Agreement, Intuitive Machines, Inc. will have the right, but not the obligation, from time to time at its sole discretion, until the first day of the month following the 18-month period from and after the Commencement (as defined in the Cantor Purchase Agreement), to direct CFPI to purchase up to the lesser of (i) \$50.0 million of newly issued shares of Class A Common Stock and (ii) the Exchange Cap, by delivering written notice to CFPI prior to the commencement of trading on any trading day, subject to certain customary conditions and limitations set forth in the Cantor Purchase Agreement. In connection with the execution of the Cantor Purchase Agreement, the Company agreed to issue 100,000 shares of Class A Common Stock to CFPI. The Company entered into a registration rights agreement with CFPI, pursuant to which it agreed to register for resale, pursuant to Rule 415 under the Securities Act, the shares of Class A Common Stock that are sold to CFPI under the equity facility and the Commitment Shares. During the second quarter of 2023, we recorded a recapitalization adjustment to increase other current liabilities and decrease to paid-in capital for \$1.0 million to recognize the Commitment Share liability within our condensed consolidated balance sheets which was not previously recognized in the balance sheet of IPAX prior to the closing of the Business Combination.

In June 2023, the Company issued 95,785 Commitment Shares to CFPI. Under the terms of the Cantor Purchase Agreement, to the extent after the resale of the Commitment Shares by CFPI is less than \$1.0 million, the Company will pay CFPI the difference between \$1.0 million and the net proceeds of the resale of the Commitment Shares received by CFPI in cash. As of March 31, 2024, none of the Commitment Shares have been sold by CFPI and the Company has recorded a liability of approximately \$755 thousand, reflected in other current liabilities in our condensed consolidated balance sheets as of March 31, 2024, representing the difference between \$1.0 million and the fair value of the Commitment Shares.

As of March 31, 2024, no shares of Class A Common Stock have been sold to CFPI under the Cantor Purchase Agreement.

### Controlled Equity Offering Sales Agreement

On March 27, 2024, the Company entered into a Controlled Equity Offering Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co. (“Cantor” or “agent”) to sell shares of the Class A Common Stock having an aggregate sale price of up to \$100.0 million through an “At The Market Offering” program (“the ATM Program”) under which Cantor acts as the sales agent. The sales of the shares made under the ATM Program may be made by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415 promulgated under the Securities Act of 1933, as amended. The agent sells the Class A Common Stock based upon the Company’s instructions (including any price, time or size limits or other customary parameters or conditions the Company may impose). Under the ATM Program, the agent is entitled to total compensation at a commission rate of up to 3.0% of the sales price per share sold.

As of March 31, 2024, the Company has sold no shares of Class A Common Stock under the ATM Program.

#### **Series A Preferred Stock** (*Mezzanine Equity*)

As a result of the Private Placement Transaction on September 5, 2023 discussed above and in accordance with the terms of the Certificate of Designation, the Series A Preferred Stock conversion price was reduced from \$12.00 per share to \$5.10 per share. Additionally, as a result of the Warrant Exercise Agreement on January 10, 2024 in conjunction with the warrant transactions discussed in Note 8, the Series A Preferred Stock conversion price was further reduced from \$5.10 per share to \$3.00 per share.

In a series of notifications to the Company during February 2024, the registered holder of 21,000 shares of Series A Preferred Stock elected to convert all of its Series A Preferred Stock holdings into Class A Common Stock at a conversion price of \$3.00 per share. The Company issued 7,738,743 shares of Class A Common Stock as a result of the conversion and recorded an increase to equity of approximately \$23.1 million and a corresponding decrease to Series A Preferred Stock in the condensed consolidated balance sheets.

#### **Redeemable Noncontrolling Interests** (*Mezzanine Equity*)

As of March 31, 2024, the prior investors of Intuitive Machines, LLC own 58.0% of the outstanding common units of Intuitive Machines, LLC. The prior investors of Intuitive Machines, LLC have the right to exchange their common units in Intuitive Machines, LLC (along with the cancellation of the paired shares of Class B Common Stock or Class C Common Stock in Intuitive Machines, Inc.) for shares of Class A Common Stock on a one-to-one basis or cash proceeds for an equivalent amount. The option to redeem Intuitive Machines, LLC's common units for cash proceeds must be approved by the Board, which as of March 31, 2024, is controlled by the prior investors. The ability to put common units is solely within the control of the holder of the redeemable noncontrolling interests. If the prior investors elect the redemption to be settled in cash, the cash used to settle the redemption must be funded through a private or public offering of Class A Common Stock and subject to the Company's Board approval.

The financial results of Intuitive Machines, LLC and its subsidiaries are consolidated with Intuitive Machines, Inc. with the redeemable noncontrolling interests' share of our net loss separately allocated.

### **NOTE 8 - WARRANTS**

#### **Public and Private Warrants**

In conjunction with the closing of the Business Combination, on February 13, 2023, the Company assumed a total of 23,332,500 warrants to purchase one share of the Company's Class A Common Stock with an exercise price of \$11.50 per share, subject to adjustment. Of the warrants, 16,487,500 Public Warrants were originally issued in the IPAX initial public offering (the "IPO") and 6,845,000 private warrants (the "Private Warrants") were originally issued in a private placement in connection with the IPO. The Company evaluated the terms of the warrants and determined they meet the criteria in ASC 815, "Derivatives and Hedging", to be classified in shareholders' equity upon issuance. The warrants became exercisable 30 days after the closing of the Business Combination and will expire five years after the closing of the Business Combination.

The Private Warrants are identical to the Public Warrants except that the Private Warrants may not, subject to certain limited exceptions, be transferred assigned or sold by the holders until 30 days after the closing of the Business Combination. The Public Warrants and Private Warrants do not entitle the holder to any voting rights, dividends or other rights as a shareholder of the Company prior to exercise.

Once the warrants become exercisable, the Company may redeem the outstanding warrants, in whole or in part, at a price of \$0.01 per warrant upon a minimum of 30 days prior written notice of redemption and if, and only if, the closing price of the Company's Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise pursuant to any anti-dilution adjustments) for any 20 days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders. The number of Class

A Common Stock issuable on exercise of each warrant will be increased in proportion to certain increases in outstanding Class A Common Stock including any share capitalization payable, sub-division of shares or other similar events.

During three months ended March 31, 2024, Public Warrants of 101 were exercised resulting in the issuance of an equal number of shares of Class A Common Stock. During the year ended December 31, 2023, Public Warrants of 1,402,106 were exercised resulting in the issuance of an equal number of shares of Class A Common Stock.

### **Series A Preferred Warrants**

In conjunction with the issuance of Series A Preferred Stock at closing of the Business Combination, the Company issued 541,667 Preferred Investor Warrants to purchase one share of the Company's Class A Common Stock with an exercise price of \$15.00, subject to adjustment. The Company evaluated the terms of the Preferred Investor Warrants and determined they meet the criteria to be classified in shareholders' equity upon issuance.

The Preferred Investor Warrants were immediately exercisable upon issuance and expire five years from the closing of the Business Combination. The Preferred Investor Warrants include customary cash and cashless exercise provisions and may be exercised on a cashless basis if, at any time after the six month anniversary of the Closing Date, there is not an effective registration statement with respect to the Class A Common Stock. The Preferred Investor Warrants have the same terms and conditions as the Public Warrants. The Preferred Investor Warrants do not entitle the holder to any voting rights, dividends or other rights as a shareholder of the Company prior to exercise.

As result of the Private Placement Transaction on September 5, 2023 discussed in Note 7 and in accordance with the terms of the Certificate of Designation, the Series A Preferred Warrants exercise price was reduced from \$15.00 to \$11.50 per share and the aggregate number of shares of Class A Common Stock issuable upon exercise of the Series A Preferred Warrants was proportionally increased to 706,522.

As of March 31, 2024, there have been no exercises of the Preferred Investor Warrants.

### **Warrant Exercise Agreement and Warrant Exercises**

On January 10, 2024, the Company entered into a Warrant Exercise Agreement with the Armistice Capital Master Fund Ltd (the "Purchaser") to exercise in full a warrant to purchase up to an aggregate 4,705,883 shares of Class A Common Stock (the "Initial Series B Warrant"). In consideration for the immediate and full exercise of the Initial Series B Warrant, the existing investor received (i) a new unregistered Series A Common Stock Purchase Warrant to purchase up to an aggregate of 4,705,883 shares of Class A Common Stock with an exercise price of \$2.75 per share and a term of 5.5 years (the "New Series A Warrant") and (ii) a new unregistered Series B Common Stock Purchase Warrant to purchase up to an aggregate of 4,705,883 shares of Class A Common Stock with an exercise price of \$2.75 per share and a term of 18 months (the "New Series B Warrant"), collectively, (the "New Warrants"), in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933. In connection with the Warrant Exercise Agreement, the Company also agreed to reduce the exercise price of the Initial Series B Warrant from \$4.75 to \$2.50 per share and reduced the exercise price of a warrant to purchase up to 4,705,883 shares of Class A Common Stock (the "Initial Series A Warrant") from \$4.75 to \$2.75 per share.

As a result of the modifications to the 4,705,883 Initial Series A Warrant and the 4,705,883 Initial Series B Warrant, collectively (the "Initial Warrants"), the Company recognized an unfavorable change in fair value of warrant liabilities of \$1.2 million in the condensed consolidated statement of operations. Upon the immediate exercise of the 4,705,883 Initial Series B Warrants, the Company issued 4,705,883 shares of Class A Common Stock, received cash proceeds of approximately \$11.8 million and recognized a gain on issuance of securities of approximately \$1.3 million in the condensed consolidated statements of operations.

The New Series A Warrant and New Series B Warrant were immediately exercisable and have a term of 5.5 years and 18 months, respectively. The Company evaluated the terms of the New Warrants and determined they meet the criteria in ASC 815, "Derivatives and Hedging", to be classified as a derivative liability, initially measured at fair value with changes in fair value recognized in other income (expense) on the condensed consolidated statement of operations. The New Series A Warrant and New Series B Warrant had an initial fair value of \$10.8 million and \$5.7 million, respectively, which was recorded as a \$16.6 million loss on issuance of securities in our condensed consolidated statement of operations.

Subsequently, the Purchaser exercised 4,705,883 Initial Series A Warrants, 4,705,883 New Series A Warrants and 4,705,883 New Series B Warrants during the period from February 9, 2024 to February 23, 2024. As a result, the Company issued 14,117,649 shares of Class A Common Stock and received cash proceeds of approximately \$38.8 million.

The Company recorded a loss on issuance of securities of approximately \$47.9 million as a result of these warrant exercises.

### **Conversion Warrants**

In connection with the Bridge Loan Conversion discussed further in Note 7, the Company agreed to issue to the Guarantor, pursuant to Section 4(a)(2) of the Securities Act of 1933, (i) a new unregistered Series A Common Stock Purchase Warrant to purchase up to an aggregate of 4,150,780 shares of, at the Guarantor's election, Class A Common Stock (at an exercise price per share equal to \$2.57 per share), Class C Common Stock (at an exercise price per share equal to \$0.0001 per share), or a combination thereof, and a term of 5 years, (the "Conversion Series A Warrant") and (ii) a new unregistered Series B Common Stock Purchase Warrant to purchase up to an aggregate of 4,150,780 shares of, at the Guarantor's election, Class A Common Stock (at an exercise price per share equal to \$2.57 per share), Class C Common Stock (at an exercise price per share equal to \$0.0001 per share), or a combination thereof, and a term of 18 months (the "Conversion Series B Warrant"), collectively (the "Conversion Warrants"). The Company evaluated the terms of the Conversion Warrants and determined they meet the criteria in ASC 815, "Derivatives and Hedging", to be classified as a derivative liability, initially measured at fair value with changes in fair value recognized in earnings in other income (expense) on the consolidated statement of operations.

The Conversion Series A Warrant and Conversion Series B Warrant had an initial fair value of \$10.0 million and \$5.5 million, respectively. The gross proceeds of \$10.0 million from the Letter Agreement were allocated to the Conversion Warrants resulting in a loss on the transaction of approximately \$5.5 million recognized as loss on issuance of securities in our condensed consolidated statement of operations. As of March 31, 2024, the fair value of the Conversion Series A Warrant and Conversion Series B Warrant increased to approximately \$21.8 million and \$16.5 million, respectively, resulting in a loss of approximately \$22.8 million recognized as change in fair value of warrant liabilities in our condensed consolidated statement of operations.

As of March 31, 2024, there have been no exercises of the Conversion Warrants.

## NOTE 9 - SHARE-BASED COMPENSATION

### 2021 Unit Option Plan

On May 25, 2021, the Intuitive Machines, LLC's board of directors adopted, and its members approved the 2021 Unit Option Plan (the "2021 Plan"). The 2021 Plan allowed the Intuitive Machines, LLC to grant incentive unit options ("Incentive Unit Options") to purchase Class B unit interests. Pursuant to the 2021 Plan, up to 6,125,000 shares of Class B units were reserved for issuance, upon exercise of the aforementioned Incentive Unit Options made to employees, directors and consultants.

As a result of the Business Combination discussed in Note 1 and per the terms of the Second Amended and Restated Intuitive Machines, LLC Operating Agreement, the unexpired and unexercised outstanding Incentive Unit Options at the closing of the Business Combination, whether vested or unvested, were proportionately adjusted using a conversion ratio of 0.5562 (rounded down to the nearest whole number of options). The exercise price of each option was adjusted accordingly. Each Incentive Unit Option continues to be subject to the terms and conditions of the 2021 Plan and will be exercisable for Class B common units of Intuitive Machines, LLC (the "Class B Common Units"). When an option is exercised, the participant will receive Class A Common Stock. As a result of the conversions, there was no incremental compensation cost and the terms of the outstanding options, including fair value, vesting conditions and classification, were unchanged.

As of March 31, 2024, Intuitive Machines, LLC was authorized to issue a total of 1,146,245 Class B Common Units upon exercise of the Incentive Unit Options under the 2021 Plan. The following table provides a summary of the option activity under the 2021 Plan for the three months ended March 31, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (000's)
Outstanding as of December 31, 2023	1,325,354	\$ 3.15	7.61	
Granted	—	—		
Exercised	(167,985)	1.80		
Forfeited	(11,124)	8.63		
Balance as of March 31, 2024	1,146,245	\$ 3.30	7.46	\$ 3,986,920
Exercisable as of March 31, 2024	402,868	\$ 2.65	7.35	\$ 1,570,005

Aggregate intrinsic value represents the difference between the exercise price of the options and the market price of our Class A Common Stock.

The following table provides a summary of weighted-average grant-date fair value of unit options under the 2021 Plan:

	Weighted-Average Grant Date Fair Value
Non-vested as of December 31, 2023	\$ 1.80
Granted	—
Vested	0.54
Forfeited	5.50
Non-vested as of March 31, 2024	\$ 1.89

Share-based compensation expense related to options was \$114 thousand and \$207 thousand for the three months ended March 31, 2024 and 2023, respectively, and was classified in the condensed consolidated statement of operations under general and administrative expense. As of March 31, 2024, the Company had \$585 thousand in estimated unrecognized share-based compensation costs related to outstanding unit options that is expected to be recognized over a weighted average period of 3.19 years.

Following the consummation of the Business Combination, no new awards will be granted under the 2021 Plan.



## Intuitive Machines, Inc. 2023 Long Term Omnibus Incentive Plan (the “2023 Plan”)

The 2023 Plan, which became effective in conjunction with closing of the Business Combination, provides for the award to certain directors, officers, employees, consultants and advisors of the Company of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards as well as cash-based awards and dividend equivalents, as determined, and subject to the terms and conditions established, by the Company’s Compensation Committee. Under the 2023 Plan, a maximum of 12,706,811 shares of Class A Common Stock are authorized to be issued. As of March 31, 2024, the Company has issued restricted stock units (“RSUs”) and performance stock units (“PSUs”) as outlined in the following disclosures. No other awards have been granted under the 2023 Plan.

### Restricted Stock Units and Performance Stock Units

Pursuant to the 2023 Plan, the Company grants RSUs with time-based vesting requirements which typically vest over one to four years and PSUs with target performance-based vesting requirements based on continuous service. The fair value of RSUs and PSUs are based on the Company’s closing stock price on the date of grant.

The following table provides a summary of the Company’s RSU and PSU activity:

	Number of Units <sup>(1)</sup>	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2023	1,826,946	\$ 7.00
Granted	3,143,607	3.50
Vested	(137,500)	7.56
Forfeited	(416,597)	7.56
Balance as of March 31, 2024	4,416,456	\$ 4.44

(1) PSU grants of 919,007 were included at the 100% attainment level which were based on several performance goals related to our mission which successfully completed in February 2024.

For the three months ended March 31, 2024, share-based compensation expense was \$1.1 million for RSUs and \$2.7 million for PSUs, and classified in the condensed consolidated statement of operations under general and administrative expense. As of March 31, 2024, the Company had \$12.1 million in estimated unrecognized share-based compensation costs related to unvested RSUs that is expected to be recognized over a weighted average period of 3.42 years. As of March 31, 2024, the Company had \$0.5 million in estimated unrecognized share-based compensation costs related to unvested PSUs that is expected to be recognized in April 2024.

### NOTE 10 - FAIR VALUE MEASUREMENTS

The following tables summarize the fair value of assets and liabilities that are recorded in the Company’s condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023 at fair value on a recurring basis.

	Frequency of Measurement	March 31, 2024			
		Total	Level 1	Level 2	Level 3
<b>Liabilities</b>					
Earn-out liabilities	Recurring	\$ 36,629	\$ —	\$ —	\$ 36,629
Warrant liabilities - Series A	Recurring	21,792	—	—	21,792
Warrant liabilities - Series B	Recurring	16,520	—	—	16,520
Warrant liabilities		38,312	—	—	38,312
<b>Total liabilities measured at fair value</b>		<u>\$ 74,941</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 74,941</u>

		December 31, 2023			
	Frequency of Measurement	Total	Level 1	Level 2	Level 3
<b>Liabilities</b>					
Earn-out liabilities	Recurring	\$ 14,032	\$ —	\$ —	\$ 14,032
Warrant liabilities - Series A	Recurring	8,612	—	—	8,612
Warrant liabilities - Series B	Recurring	2,682	—	—	2,682
Warrant liabilities		11,294	—	—	11,294
<b>Total liabilities measured at fair value</b>		<b>\$ 25,326</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 25,326</b>

The following table provides a roll-forward of the Company's Level 3 liabilities (in thousands):

	Earn-out liabilities	Warrant liabilities - Series A	Warrant liabilities - Series B	Total Warrant liabilities
Balance, December 31, 2023	\$ 14,032	\$ 8,612	\$ 2,682	\$ 11,294
Additions	—	20,827	11,262	32,089
Change in fair value	22,597	12,823	11,141	23,964
Converted to equity	—	(20,471)	(8,564)	(29,035)
Balance, March 31, 2024	<u>\$ 36,629</u>	<u>21,791</u>	<u>16,521</u>	<u>38,312</u>

### Earn-out Liabilities

The fair value of the earn-out liabilities as of March 31, 2024 was estimated using a Monte Carlo simulation approach that modeled the triggering events including the simulated stock price of the Company over the maturity dates. The significant assumptions utilized in estimating the fair value of the earn-out liabilities include: (i) Intuitive Machines stock price of \$6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.32%; and (iv) expected volatility of 85%.

As a result of the Business Combination, certain Intuitive Machines, LLC members received 10,000,000 earn out units of Intuitive Machines, LLC ("Earn Out Units") subject to certain triggering events. Upon the vesting of any Earn Out Units, each of the certain Intuitive Machines, LLC members will be issued (i) by Intuitive Machines, LLC an equal number of Intuitive Machines, LLC Common Units and (ii) by Intuitive Machines, an equal number of shares of Class C Common Stock, in exchange for surrender of the applicable Earn Out Units and the payment to Intuitive Machines, Inc. of a per-share price equal to the par value per share of the Class C Common Stock. Under the earn out agreement, Earn Out Units of 2,500,000 vested for the year ended December 31, 2023. For the three months ended March 31, 2024, there was no vesting of Earn Out Units.

### Warrant Liabilities

#### Initial Warrants

Pursuant to the Warrant Exercise Agreement on January 10, 2024 (as further described in Note 8 and discussed below), the terms of the Initial Warrants were modified, and the Initial Series B Warrant was exercised in full and converted to equity. The pre-modification fair value of the Initial Warrant liabilities was estimated using a Black-Scholes-Merton model. The significant assumptions utilized in estimating the pre-modification fair value of the Series A Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 3.99%; and (iv) expected volatility of 104%. The significant assumptions utilized in estimating the pre-modification fair value of the Series B Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.75%; and (iv) expected volatility of 85%.

During February 2024, the investor also fully exercised and converted to equity the Initial Series A Warrant. Refer to Note 8 for more information on the warrant exercises.

#### New Warrants

Pursuant to the Warrant Exercise Agreement on January 10, 2024 as described further in Note 8, the fair values of the New Series A Warrant and the New Series B Warrant liabilities were estimated at \$10.8 million and \$5.7 million, respectively, utilizing the Black-Scholes-Merton model. The significant assumptions utilized in estimating the fair value of the New Series A Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.00%; and (iv) expected volatility of 105%. The significant assumptions utilized in estimating the fair value of the New Series B Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.55%; and (iv) expected volatility of 83%.

During February 2024, the investor fully exercised and converted to equity the New Warrants. Refer to Note 8 for more information on the warrant exercises.

#### *Conversion Warrants*

Pursuant to the Letter Agreement and the issuance of warrants on January 29, 2024 as described further in Notes 5 and 8, the fair values of the Conversion Series A Warrant and the Conversion Series B Warrant liabilities were estimated at \$10.0 million and \$5.5 million, respectively, utilizing the Black-Scholes-Merton model. The significant assumptions utilized in estimating the fair value of the Conversion Series A Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$3.05; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 3.97%; and (iv) expected volatility of 102%. The significant assumptions utilized in estimating the fair value of the Conversion Series B Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$3.05; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.53%; and (iv) expected volatility of 76%.

The fair value of the Conversion Series A Warrant and the Conversion Series B Warrant liabilities as of March 31, 2024 was estimated using a Black-Scholes-Merton model. The significant assumptions utilized in estimating the fair value of the Conversion Series A Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.23%; and (iv) expected volatility of 95%. The significant assumptions utilized in estimating the fair value of the Conversion Series B Warrant liabilities include: (i) a per share price of the Class A Common Stock of \$6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.88%; and (iv) expected volatility of 65%.

## NOTE 11 - NET LOSS PER SHARE

Basic net loss per share of Class A common stock is computed by dividing net loss attributable to Class A common shareholders for the three months ended March 31, 2024 and the period from February 13, 2023, or the Closing Date, to March 31, 2023 by the weighted-average number of shares of Class A common stock outstanding for the same periods.

Diluted net income per share of Class A common stock includes additional weighted average common shares that would have been outstanding if potential common shares with a dilutive effect had been issued using the if-converted method for the Series A Preferred Stock and the treasury method for our RSUs, PSUs, options, and warrants. During loss periods, diluted net loss per share for all periods presented is the same as basic net loss per share as the inclusion of the potentially issuable shares would be anti-dilutive.

The following table presents the computation of the basic and diluted income per share of Class A Common Stock (in thousands, except share data):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<b>Numerator</b>		
Net loss (post Business Combination)	\$ (120,656)	\$ (17,696)
Less: Net loss attributable to redeemable noncontrolling interest	(23,291)	(8,336)
Less: Net income attributable to noncontrolling interest	972	—
Net loss attributable to the Company	\$ (98,337)	\$ (9,360)
Less: Cumulative preferred dividends	(471)	(328)
Net loss attributable to Class A common shareholders	\$ (98,808)	\$ (9,688)
<b>Denominator</b>		
Basic weighted-average shares of Class A common stock outstanding	36,612,270	15,224,378
Net loss per share of Class A common stock - basic and diluted	\$ (2.70)	\$ (0.64)

The following table presents potentially dilutive securities, as of the end of the period, excluded from the computation of diluted net loss per share of Class A Common Stock as their effect would be anti-dilutive or because of unsatisfied contingent issuance conditions.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
RSUs and PSUs <sup>(1)</sup>	4,416,456	—
Options <sup>(1)</sup>	1,146,245	1,835,335
Series A Preferred Stock <sup>(2)</sup>	1,861,752	2,193,973
Warrants <sup>(1)</sup>	30,773,520	23,655,962
Earn Out Units <sup>(3)</sup>	7,500,000	10,000,000

(1) Represents number of instruments outstanding at the end of the period that were evaluated under the treasury stock method for potentially dilutive effects and were determined to be anti-dilutive.

(2) Represents number of instruments outstanding as converted at the end of the period that were evaluated under the if-converted method for potentially dilutive effects and were determined to be anti-dilutive.

(3) Represents number of Earn Out Units outstanding at the end of the period that were excluded due to unsatisfied contingent issuance conditions.

## NOTE 12 - COMMITMENTS AND CONTINGENCIES

### Legal Proceedings

From time to time, the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The Company applies accounting for contingencies to determine when and how much to accrue for and disclose related to legal and other contingencies. Accordingly, the Company discloses contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, it is concluded that a loss is probable and reasonably estimable. While the resolution of these legal proceedings and claims cannot be predicted with

certainty, management believes the outcome of such matters will not have a material adverse effect on our condensed consolidated financial statements.

#### **NOTE 13 - RELATED PARTY TRANSACTIONS**

Intuitive Machines, Intuitive Aviation, IX LLC and Space Network Solutions, LLC have entered into recurring transaction agreements with certain related parties, including sales agreements and loan agreements.

##### **Axiom Space, Inc.**

The Company recognized revenue from Axiom Space, Inc. (“Axiom”) related to space infrastructure development activities of zero and \$0.1 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, there were no affiliate accounts receivable related to Axiom. Kamal Ghaffarian, the Chairman of the Board and one of the co-founders of Intuitive Machines, LLC is a co-founder and Executive Chairman of Axiom. Revenue related to Axiom are incurred in the normal course of business and amounts are settled under normal business terms.

##### **IBX, LLC**

The Company incurred expenses with IBX, LLC (“IBX”) of \$1.3 million and \$0.5 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, there were \$1.6 million and \$0.4 million, respectively, of affiliate accounts payable related to IBX expenses. IBX is an innovation and investment firm committed to advancing the state of humanity and human knowledge. We rely on IBX for the provision of management and professional services in the day-to-day operation of our business. These expenses include, among others, fees for the provision of administrative, accounting and legal services. As such, expenses incurred in relation to IBX are incurred in the normal course of business and amounts are settled under normal business terms. Kamal Ghaffarian, the Chairman of the Board and one of the co-founders of Intuitive Machines, is a co-founder and current member of management of IBX.

##### **KBR, Inc.**

On November 12, 2020, KBR, Inc. (“KBR”), a U.S.-based firm operating in the science, technology and engineering industries, made an initial investment in one of our operating subsidiaries, Space Network Solutions, LLC resulting in a 10% ownership by KBR of Space Network Solutions as of the date of such investment. As of March 31, 2024, KBR held approximately 10% of the equity of Space Network Solutions. The Company recognized affiliate revenue from KBR related to engineering services of \$0.7 million and \$0.6 million for the three months ended March 31, 2024 and 2023. As of March 31, 2024 and December 31, 2023, there was \$0.6 million and \$0.5 million, respectively, of affiliate accounts receivable related to KBR revenue. Revenue related to KBR are incurred in the normal course of business and amounts are settled under normal business terms.

##### **ASES**

The Company recognized revenue from ASES related to engineering services of \$0.3 million and \$0.2 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, there was \$0.2 million and \$0.1 million, respectively, of affiliate accounts receivable related to ASES revenue. ASES is a joint venture between Aerodyne Industries, LLC and KBR. Kamal Ghaffarian, the Chairman of the Board and one of the co-founders of Intuitive Machines, LLC has a 20% ownership interest in Aerodyne Industries, LLC. Revenue related to ASES are incurred in the normal course of business and amounts are settled under normal business terms.

##### **X-energy, LLC**

As of March 31, 2024 and December 31, 2023, there was no affiliate accounts payable related to X-energy, LLC (“X-energy”) expenses. Expenses related to X-energy are incurred in the normal course of business and amounts are settled under normal business terms. Kamal Ghaffarian, the Chairman of the Board and one of the co-founders of Intuitive Machines, LLC is the Executive Chairman of X-Energy Reactor Company, LLC, which is the parent company of X-Energy.

#### **NOTE 14 - VARIABLE INTEREST ENTITIES**

The Company determines whether joint ventures in which it has invested meet the criteria of a variable interest entity or “VIE” at the start of each new venture and when a reconsideration event has occurred. A VIE is a legal entity that satisfies any of the following characteristics: (a) the legal entity does not have sufficient equity investment at risk; (b) the equity

investors at risk as a group, lack the characteristics of a controlling financial interest; or (c) the legal entity is structured with disproportionate voting rights.

The Company consolidates a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

#### *Space Network Solutions, LLC*

The Company participates in the Space Network Solutions joint venture with KBR, a leading provider of specialized engineering, and professional, scientific and technical services primarily to the U.S. federal government. Under the terms of the Amended Space Network Solutions limited liability company agreement, we hold a 90% interest in the Space Network Solutions and KBR hold a 10% interest. Space Network Solutions is a VIE and Intuitive Machines is the primary beneficiary.

Space Network Solutions was formed to provide cyber security as well as communication & tracking services using its expertise in developing secure ground system architecture for lunar space missions. In the second quarter of 2023, NASA awarded Space Network Solutions a cost-plus-fixed-fee indefinite-delivery, indefinite quantity contract to support work related to the Joint Polar Satellite System, NASA's Exploration and In-space Services. Intuitive Machines and KBR entered into a separate joint venture agreement (the "OMES III JV Agreement") within Space Network Solutions to execute the OMES III contract with a profits interest of 47% for Intuitive Machines and 53% for KBR. We have determined that the OMES III JV Agreement represents a silo within Space Network Solutions and is a standalone VIE. Intuitive Machines is the primary beneficiary of this silo based on the governance structure of the OMES III JV Agreement. As of March 31, 2024, SNS LLC had total assets of \$35.6 million and total liabilities of \$32.3 million. As of December 31, 2023, SNS LLC had total assets of \$13.7 million and total liabilities of \$12.0 million.

#### *IX, LLC Joint Venture*

The Company participates in the IX, LLC joint venture ("IX LLC JV") with X-energy, a nuclear reactor and fuel design engineering company, developing high-temperature gas cooled nuclear reactors and fuel to power them. We hold a 51% interest in the IX LLC JV and X-energy holds a 49% interest. Kamal Ghaffarian is also the co-founder and current member of management of X-energy. Intuitive Machines and X-energy are common controlled entities. We have determined that IX, LLC JV is a variable interest entity and Intuitive Machines is the primary beneficiary because it is most closely associated with the activities of the joint venture. Therefore, we consolidate this VIE for financial reporting purposes.

The IX LLC JV was formed to pursue nuclear space propulsion and surface power systems in support of future space exploration goals. In the third quarter of 2022, the IX LLC JV received an award from Battelle Energy Alliance to design a fission surface power system that can operate on the surface of the Moon to support sustained lunar presence and exploration of Mars. As of March 31, 2024 and December 31, 2023, the IX LLC JV had no assets and no liabilities, associated with project execution activities subcontracted to the IX LLC JV partners and other third parties.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report, as well as our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2022 which was filed with the Securities and Exchange Commission (the “SEC”) on March 25, 2024. Certain of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the sections titled “Cautionary Note Regarding Forward-Looking Statements” and Part II. Item 1A. “Risk Factors” included in this Quarterly Report and in the section titled Part I. Item 1A. “Risk Factors” in our 2023 Annual Report on Form 10-K filed with the SEC on March 25, 2024, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

*Unless otherwise indicated or the context otherwise requires, references in this section to the “Company,” “IM,” “Intuitive Machines,” “we,” “us,” or “our” refer to Intuitive Machines, Inc. and its consolidated subsidiaries.*

### Overview

We are a space infrastructure and services company founded in 2013 that is contributing to the establishment of lunar infrastructure and commerce on the Moon. We believe we have a leading position in the development of lunar space operating in four business lines described further below. We are initially focused on establishing the lunar infrastructure and basis for commerce to inform and sustain human presence off Earth. We believe our business is well positioned for continued growth and expansion:

- **Right Now:** Servicing the National Aeronautics and Space Administration (“NASA”) and a worldwide set of commercial payload customers, working to provide access to the lunar surface, cislunar space and data transmission for science, technology, and infrastructure.
- **Tomorrow:** Working to provide a thriving, diverse lunar economy, creating new opportunities and markets to enable on-orbit applications, a permanent presence on the Moon, and expand the commercial space exploration marketplace.

We are currently working to provide access to the lunar surface and collect and transmit cislunar data for science, technology, and infrastructure. We are one of a select few companies servicing NASA and a worldwide set of commercial payload customers. We believe we have a strong position with a first mover advantage, as evidenced by two Commercial Lunar Payload Services (“CLPS”) awards to date as of March 31, 2024. On February 22, 2024, Intuitive Machines’ Nova-C lander became the first U.S. vehicle to softly land on the lunar surface since 1972 and landed the vehicle further south than any vehicle in the world has ever soft-landed on the Moon. Our Nova-C lander on the IM-1 mission carried approximately 100 kilograms of payloads and executed numerous experiments and technology demonstrations at the lunar surface near the south pole. Our goal is to follow the successful IM-1 mission with IM-2, which will continue to execute experiments and technology demonstrations at the Shackleton Connecting Ridge at the lunar south pole, and IM-3, our third CLPS award, which will land at Reiner Gamma. These missions, along with additional expeditions, are in partnership with NASA, Nokia Corporation, Columbia Sportswear Company, Aegis Aerospace, Inc. and other commercial players. Intuitive Machines offers its customers the flexibility needed to pioneer a thriving, diverse lunar economy and to enable a permanent presence on the Moon.

Additionally, the U.S. Space Forces’ (the “Space Force”) requirement to ensure freedom of action in space is driving their initial focus on cislunar Space Domain Awareness sensors and xGEO Position Navigation and Timing solutions as a result of the ongoing efforts by the United States and the People’s Republic of China (“China”) to return to the lunar surface in a sustainable manner. We believe the U.S. Department of Defense funding for cislunar activities will drive the Space Force to rely on purchasing cislunar commercial services for the next five plus years, as opposed to acquiring and operating new government systems. This funding provides an opportunity for companies such as Intuitive Machines to sell Space Domain Awareness, Position Navigation and Timing, and secure communications to the Space Force, especially given that the commercial sector will be the driving force in providing cislunar products and services due to the capital that is flowing to new space entrants. This, along with other domestic and foreign allied policies, enhances our belief in the growing space economy and why we are well-positioned.

## **Our Business Model**

We primarily generate revenue through our contracts with customers of our lunar access services and by collecting and transmitting cislunar data for science, technology and infrastructure in our Space Products and Infrastructure services. We are a provider and supplier of space products and services that we believe will enable sustained robotic and human exploration to the Moon, Mars, and beyond.

We employ a “land-and-expand” go-to-market strategy with the goal to deliver increasing value and repetitive revenue with each customer over time by expanding the scope of the services we offer. We work closely with our customers and partners to enable their early success. We expect that deeper adoption of our products and services from our customers will come in many forms, including increased reliance on our technology as a core part of a mission, increased usage of our landers for lunar transportation and exploration, and greater dependence on our advanced software analytics capabilities for satisfying each customers’ needs.

Our core technologies underpin our capabilities in four business units: Lunar Access Services, Orbital Services, Lunar Data Services and Space Products and Infrastructure. Under Accounting Standards Codification (“ASC”) 280 “Segment Reporting,” we concluded that our business units operate as one reportable segment. See our Segment Reporting disclosure under Note 2 in our condensed consolidated financial statements for further discussion on our reportable segment.

### ***Lunar Access Services***

Our Lunar Access Services business provides reliable and affordable means for governments, companies and individuals to explore and place objects in cislunar space or on the lunar surface. We have developed a complete lunar program that includes mission control, the Nova-C lander, a space-to-ground communications network, and a series of launch vehicle contracts with SpaceX. As of March 31, 2024, we had two missions on the flight manifest, with plans to increase the frequency and complexity of the missions over time. On February 22, 2024, our Nova-C lander on the IM-1 mission became the first U.S. vehicle to softly land on the lunar surface since 1972 and landed the vehicle further south than any vehicle in the world has ever soft-landed on the Moon.

We are currently focused on using our proprietary lunar lander vehicles to execute CLPS contracts for NASA to fly scientific equipment to the lunar surface and support experiments. We also have a robust and growing set of commercial customers pursuing R&D and technology maturation efforts aimed at capturing the growing cislunar economy. This service includes softly landing on the lunar surface while carrying significant payloads, shuttling numerous technology demonstrations to the lunar surface, deploying the first drill to test for water ice on the Moon and deploying drones to test Long Term Evolution networks.

### ***Orbital Services***

Orbital Services provides in-space orbital services for both commercial and government organizations. These services include repair, refueling, and raising the orbits of existing satellites. We seek to leverage our domain expertise and space products, such as optical navigation, rendezvous and proximity operations, robotic mechanisms for satellite delivery, debris removal and Space Domain Awareness in orbits from low Earth orbit out to cislunar space. We also serve as the prime contractor and partner on NASA center support contracts, such as the recently awarded OMES III and JETSON Low Power contracts, that expand our relationship with NASA and emphasize our capabilities in key technology focus areas.

### ***Lunar Data Services***

Our Lunar Data Services business will establish a private and secure network called the Lunar Data Network (the “LDN”) that sends and receives secure communications, navigation and imagery to and from the Moon. The LDN is designed to support line-of-sight and data relay services for spacecraft in cislunar space and systems anywhere on the lunar surface. We intend to evolve the network to provide backup services to NASA and the U.S. Space Force. The LDN is currently comprised of a mission control center, strategically positioned global ground stations, and base-band units installed at each ground station.



With the launch of future lander missions, the LDN will be further enhanced with the deployment of our lunar data relay satellites to offer continuous lunar coverage. We believe providing these lunar data services to NASA and the Space Force will be an increasingly important priority given China's recent declaration that it intends to build its own lunar satellite network and manned lunar habitat.

### ***Space Products and Infrastructure***

Our Space Products and Infrastructure business offers reliable and cost-effective space products to its customers with offerings that include propulsion systems, navigation systems, lunar mobility, power infrastructure and human habitation systems. We also provide highly specialized aerospace engineering services for complex space systems development to NASA and the aerospace industry across the United States.

With extensive additive manufacturing capabilities, including an in-house composites shop and robust machine shop, we believe we have the capabilities and expertise required to rapidly manufacture on-demand prototypes, development parts, flight units, and spares with a focus on producing small series and high-quality serial productions of metal components utilizing additive manufacturing. Additionally, we believe this business allows us to expand into prime positions on payload contracts with NASA and other customers.

### **Recent Developments**

#### *Warrant Transactions*

On January 10, 2024, the Company entered into a Warrant Exercise Agreement with an existing investor to exercise in full the Initial Series B Warrant to purchase up to an aggregate 4,705,883 shares of Class A Common Stock. In consideration for the immediate and full exercise of the Initial Series B Warrant, the existing investor received (i) a new unregistered Series A Common Stock Purchase Warrant to purchase up to an aggregate of 4,705,883 shares of Class A Common Stock with an exercise price of \$2.75 per share and a term of 5.5 years (the "New Series A Warrant") and (ii) a new unregistered Series B Common Stock Purchase Warrant to purchase up to an aggregate of 4,705,883 shares of Class A Common Stock with an exercise price of \$2.75 per share and a term of 18 months (the "New Series B Warrant") in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933. In connection with the Warrant Exercise Agreement, the Company also agreed to reduce the exercise price of the Initial Series B Warrant from \$4.75 to \$2.50 per share and reduced the exercise price of the Initial Series A Warrant from \$4.75 to \$2.75 per share. The gross proceeds to the Company from the exercise of the Initial Series B Warrant was approximately \$11.8 million.

In a series of transactions during February 2024, the investor exercised in full the Initial Series A Warrant, the New Series A Warrant, and the New Series B Warrant for an aggregate of 14,117,649 share of Class A Common Stock, which provided an additional \$38.8 million of gross proceeds to the Company.

#### *Series A Preferred Stock Conversion*

As a result of the Warrant Exercise Agreement on January 10, 2024 in conjunction with the Warrant Transactions further discussed in Note 8 and in accordance with the Certificate of Designation, the Series A Preferred Stock conversion price was further reduced to \$3.00 per share. In a series of notifications to the Company during February 2024, the registered holder of 21,000 shares of Series A Preferred Stock elected to convert all of its Series A Preferred Stock holdings into Class A Common Stock at a conversion price of \$3.00 per share. The Company issued 7,738,743 shares of Class A Common Stock as a result of the conversion.

#### *Other*

In March 2024, the Company filed a shelf registration statement on Form S-3 (File No. 333-278288) with the Securities and Exchange Commission, which permits the offering, issuance, and sale of up to a maximum aggregate offering price of \$300.0 million of the Company's Class A common stock and warrants. Up to a maximum of \$100.0 million of the maximum aggregate offering price of \$300.0 million may be issued and sold pursuant to an at-the-market financing facility under a sales agreement between the Company and Cantor Fitzgerald & Co. As of the date of this filing, the Company raised approximately \$7.4 million in net proceeds pursuant to the at-the-market financing facility. In addition, subject to market and other conditions, we may opportunistically pursue underwritten public offerings of our Class A common stock under such shelf registration statement for our account or the account of our selling stockholders. Unless otherwise specified in the prospectus supplement relating to any such offering, we expect to use the net proceeds of any sales of Class

A common stock for our account for general corporate purposes. We would not receive any proceeds from the sale of our Class A common stock by the selling stockholders. We expect to continue to evaluate opportunities for such underwritten offerings over the near and intermediate term. See “Liquidity and Capital Resources—Shelf Registration and Common Stock Offerings.”

### ***Inflation and Macroeconomic Pressures***

In combination with the economic recovery from the COVID-19 pandemic and repercussions from geopolitical events, the global economy continues to experience volatile disruptions including to the commodity and labor markets. These disruptions have contributed to an inflationary environment which has affected, and may continue to adversely affect, the price and availability of certain products and services necessary for our operations, which in turn, has adversely impacted, and may continue to adversely impact our business, financial condition and results of operations.

We continue to monitor economic conditions and the impact of macroeconomic pressures, including repercussions from the recent banking crisis, rising interest rates, sustained inflation and recession fears, supply chain disruptions, monetary and fiscal policy measures (including future actions or inactions of the United States government related to the “debt-ceiling”), heightened geopolitical tensions (such as the war in Ukraine and Israel), changes to the U.S. federal budget, and the political and regulatory environment on our business, customers, suppliers and other third parties (including the potential for U.S. government shut down).

While rising costs and other inflationary pressures have not had a material impact on our business to date, we are monitoring the situation and assessing its impact on our business, including to our partners and customers.

### **Key Factors Affecting Our Performance**

We believe that our future success and financial performance depend on several factors that present significant opportunities for our business, but also pose risks and challenges, including those discussed below and in the section titled Part I., Item 1A. “Risk Factors” in the 2023 Annual Report on Form 10-K.

#### ***Our ability to commence and expand spaceflight mission operations***

Our success will depend in large part on our ability to commence and expand our lunar mission operations in 2024 and beyond. We completed our first mission in February 2024 and we are on track to complete the two additional funded missions with a goal of establishing a regular cadence of multiple missions per year of increasing size and complexity by late 2025. This will provide our customers with proven and reliable cislunar access, with which to plan their future manifest. With binding agreements for 2 launches as of March 31, 2024, we have \$222.4 million in backlog, and we are in active discussions with numerous potential customers, including government agencies and private companies, to potentially add to our contracted revenue.

Prior to commencing missions, we must complete internal integration activities as well as launch vehicle integration with our launch provider, SpaceX. Any delays in our launch date or in otherwise commencing our missions, including due to congestion at the pad launch site or delays in obtaining various approvals or licenses, could adversely impact our results and growth plans. As we improve production efficiency and schedule reliability and reach our target of multiple missions per year manifested 2-3 years in advance, we expect to improve our market penetration, which we believe will lead to higher revenue from both volume and mission complexity as well as increased operating leverage.

#### ***Our ability to expand our product and services offerings***

We are in the preliminary stages of developing our full space infrastructure. These services are expected to grant customers access to cislunar space and the lunar surface at lower price points than previous lunar missions. We are also working to provide data transmission services at lunar distance to include far-side connectivity, along with ancillary services that are likely to include orbital servicing and payload development and manufacture.

Our growth opportunity is dependent on our ability to win lunar missions and expand our portfolio of services. Our ability to sell additional products and services to existing customers is a key part of our success, as follow-on purchases indicate customer satisfaction and decrease the likelihood of competitive substitution. To sell additional products and services to new and existing customers, we will need to continue to invest significant resources in our products and services as well as demonstrate reliability through a successful lunar landing. If we fail to make the right investment decisions, are unable to raise capital, if customers do not adopt our products and services, or if our competitors are able to develop technology or

products and services that are superior to ours, our business, prospects, financial condition and operating results could be adversely affected.

We expect to make significant investments in our lunar and data programs in the short term. Although we believe that our financial resources, including the proceeds of the Business Combination and the subsequent Private Placement, will be sufficient to meet our capital needs in the short term, our timeline and budgeted costs for these offerings are subject to substantial uncertainty, including due to compliance requirements of U.S. federal export control laws and applicable foreign and local regulations, the impact of political and economic conditions, and the need to identify opportunities and negotiate long-term agreements with customers for these services, among other factors. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves to pay any additional indebtedness that we may incur.

#### ***Ability to improve profit margins and scale our business***

The growth of our business is dependent on our ability to improve our profit margins over time while successfully scaling our business. We intend to continue investing in initiatives to improve our operating leverage and significantly increase utilization. Our ability to achieve our production-efficiency objectives could be negatively impacted by a variety of factors including, among other things, lower-than-expected facility utilization rates, manufacturing and production cost overruns, increased purchased material costs and unexpected supply-chain quality issues or interruptions. If we are unable to achieve our goals, we may not be able to increase operating margin, which would negatively impact gross margin and profitability.

#### ***Ability to continue to capitalize on government expenditures and private enterprise investment in the space economy***

Our future growth is largely dependent on our ability to continue to capitalize on increased government spending and private investment in the space economy. From 2019 to 2024, the U.S. federal government increased its space exploration and development budget for NASA by approximately 15.8%, or \$3.4 billion. U.S. federal government expenditures and private enterprise investment have fueled our growth in recent years, and it has resulted in our continued ability to secure increasingly valuable contracts for products and services in 2023. An increased focus on U.S. federal government spending could unfavorably impact the space exploration sector in the future. If our existing programs and project pursuits are not focused on the federal government's higher priorities, our business, prospects, financial condition and operating results could be adversely affected. However, we expect U.S. federal government expenditures and private investment in the space economy will continue to result in increased purchases of our products and services.

#### ***Our ability to continue to innovate***

We design, build, and test our landers, spacecraft and subsystems in-house and operate at the forefront of composite structures, liquid rocket engines, guidance, navigation and control software, precision landing and hazard avoidance software, and advanced manufacturing techniques. We believe the synergy of these technologies enables greater responsiveness to the commercial and government requirements for lunar exploration. To continue establishing market share and attracting customers, we plan to continue to make substantial investments in research and development for the continued enhancements of our landers and other space systems. Over time, we expect our research and development expenditures to continue to grow on an absolute basis, but remain consistent or decrease as a percent of our total revenue as we expand our service offerings.

### **Components of Results of Operations**

#### ***Revenue***

Most of our revenue is derived from long-term contracts for the delivery of payloads to the lunar surface. In order to satisfy these contracts, we undertake the engineering for the research, design, development, manufacturing, integration and sustainment of advanced technology space systems. The integration of these technologies and systems lead to an organic and integrated capability to provide lunar access on a commercial services basis. Individual contracts are aggregated by mission (e.g., IM-1, IM-2, IM-3) for management purposes. Revenue is measured based on the amount of consideration specified in a contract with the customer.

We recognize revenue when we transfer control of a promised good or service to a customer in an amount that reflects the consideration we expect to be entitled to in exchange for the good or service. Under the overtime revenue recognition model, revenue and gross profit are recognized over the contract period as work is performed based on actual costs incurred and an estimate of costs to complete and resulting total estimated costs at completion.

Revenue from long-term contracts can fluctuate from period to period largely based on the stage of the project and overall mission. These projects will typically have a ramp up period in the beginning stage and wind down as the mission nears launch date. A significant portion of the revenue (approximately 10% of the contract price) contains variable considerations which is constrained to nil for accounting purposes as it is dependent on a successful mission landing. This may cause fluctuations in future revenue, profits and cash flows.

We perform work under contracts that broadly consist of fixed-price, cost-reimbursable, time-and-materials or a combination of the three. Pricing for all customers is based on specific negotiations with each customer. For a description of our revenue recognition policies, see the section titled "Critical Accounting Policies and Estimates." A small portion of our revenue is generated from engineering services which are time-and-material type contracts. Going forward, cost-reimbursable contracts may constitute a material portion of our revenue.

***Cost of revenue (excluding depreciation)***

Cost of revenue (excluding depreciation) consists primarily of direct material and labor costs, launch costs, manufacturing overhead, other personnel-related expenses, which include salaries, bonuses, benefits and stock-based compensation expense and freight expense. We expect our cost of revenue to increase in absolute dollars in future periods as we sell more products and services. As we grow into our current capacity and execute on cost-optimization initiatives, we expect our cost of revenue as a percentage of revenue to decrease over time.

***Depreciation***

Depreciation consists of the depreciation of tangible fixed assets for the relevant period based on the straight-line method over the useful life of the assets. Tangible fixed assets include property and equipment.

***General and administrative expense (excluding depreciation)***

Selling, general and administrative expense (excluding depreciation) consist primarily of personnel-related expenses for our sales, marketing, supply chain, finance, legal, human resources and administrative personnel, as well as the costs of customer service, information technology, professional services, insurance, travel, allocated overhead and other marketing, communications and administrative expenses. We expect to invest in our corporate organization and incur additional expenses associated with transitioning to, and operating as, a public company, including increased legal and accounting costs, investor relations costs, higher insurance premiums and compliance costs. As a result, we expect that selling, general and administrative expenses will increase in absolute dollars in future periods as a percentage of total revenue.

***Interest expense, net***

Interest expense, net consists of interest income earned on cash and cash equivalents and short-term investment balances held by us in interest bearing time deposit accounts. Interest expense is incurred on long-term debt.

***Change in fair value of earn-out liabilities***

Earn Out Units are classified as liabilities transactions at initial issuance which were offset against paid-in capital as of the closing of the Business Combination. At each period end, the Earn Out Units are remeasured to their fair value with the changes during that period recognized in other income (expense) on the condensed consolidated statement of operations. Upon issuance and release of the shares after each Triggering Event is met, the related Earn Out Units will be remeasured to fair value at that time with the changes recognized in other income (expense), and such Earn Out Units will be reclassified to stockholders' equity (deficit) on the consolidated balance sheet. See Note 10 of the condensed consolidated financial statements for additional information on the earn-out liabilities.

***Change in fair value of warrant liabilities***

In connection with the Private Placement and Warrant Exercise Agreement, the Company has issued warrants which are classified as liabilities on our balance sheet. At each period end, the warrants are remeasured to their fair value with the changes during the period recognized in other income (expense) on our condensed consolidated statement of operations. See Notes 8 and 10 of the condensed consolidated financial statements for additional information on the warrant liabilities.

***Loss on issuance of securities***

In connection with the Private Placement and Warrant Exercise Agreement, as discussed in Notes 8 and 10 to the condensed consolidated financial statements, the Company issued warrants and recognized a loss on the issuance as the fair

value of the securities exceeded the gross proceeds at the issuance date. The Company evaluated the terms of the warrants and determined they meet the criteria in ASC 815, "Derivatives and Hedging", to be classified as a derivative liability, initially measured at fair value. The subsequent changes in fair value are recognized in earnings in other income (expense) on the consolidated statement of operations.

***Other income, net***

Other income, net primarily consists of immaterial miscellaneous income sources.

***Income tax expense***

Intuitive Machines, Inc. is a corporation and thus is subject to United States ("U.S.") federal, state and local income taxes. Intuitive Machines, LLC is a partnership for U.S. federal income tax purposes and therefore does not pay United States federal income tax on its taxable income. Instead, the Intuitive Machines, LLC unitholders, including Intuitive Machines, Inc., are liable for U.S. federal income tax on their respective shares of Intuitive Machines, LLC's taxable income. Intuitive Machines, LLC is liable for income taxes in those states which tax entities classified as partnerships for U.S. federal income tax purposes.

***Net loss attributable to redeemable noncontrolling interest***

Redeemable noncontrolling interests represents the portion of Intuitive Machines, LLC that the Company controls and consolidates but does not own. The noncontrolling interests was created as a result of the Business Combination and represents 68,150,754 Class A and Class B units issued by Intuitive Machines, LLC to the prior investors represents approximately 81.2% of the ownership interests in the Company at the Closing Date. The Company allocates net income or loss attributable to the noncontrolling interests based on the weighted average ownership interests during the period. The net income or loss attributable to noncontrolling interests is reflected in the condensed consolidated statement of operations.

The financial results of Intuitive Machines, LLC were consolidated into Intuitive Machines, Inc. for the periods February 13, 2023 forward and resulted in the allocation of approximately 58.0% of Intuitive Machines, LLC's net loss to noncontrolling interests.

***Net income attributable to noncontrolling interest***

Intuitive Machines and KBR entered into a joint venture agreement (the "OMES III JV Agreement") within Space Network Solutions to execute the OMES III contract with a profits interest of 47% for Intuitive Machines and 53% for KBR, which represents the noncontrolling interest. We have determined that the OMES III JV Agreement represents a silo within Space Network Solutions and is a standalone VIE.

## Results of Operations

The following tables set forth our results of operations for the periods presented. The period-period comparison of financial results is not necessarily indicative of future results.

The following table sets forth information regarding our consolidated results of operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

(in thousands)	Three Months Ended March 31,		
	2024	2023	\$ Change
<b>Revenue</b>	\$ 73,068	\$ 18,236	\$ 54,832
<b>Operating expenses:</b>			
Cost of revenue (excluding depreciation)	60,911	23,126	37,785
Depreciation	414	296	118
General and administrative expense (excluding depreciation)	17,143	8,777	8,366
<b>Total operating expenses</b>	<b>78,468</b>	<b>32,199</b>	<b>46,269</b>
<b>Operating loss</b>	<b>(5,400)</b>	<b>(13,963)</b>	<b>8,563</b>
<b>Other expense, net:</b>			
Interest expense, net	(20)	(279)	259
Change in fair value of earn-out liabilities	(22,597)	(3,726)	(18,871)
Change in fair value of warrant liabilities	(23,964)	—	(23,964)
Change in fair value of SAFE Agreements	—	(2,353)	2,353
Loss on issuance of securities	(68,676)	—	(68,676)
Other income, net	1	89	(88)
<b>Total other expense, net</b>	<b>(115,256)</b>	<b>(6,269)</b>	<b>(108,987)</b>
<b>Loss before income taxes</b>	<b>(120,656)</b>	<b>(20,232)</b>	<b>(100,424)</b>
Income tax expense	—	(3,215)	3,215
<b>Net loss</b>	<b>(120,656)</b>	<b>(23,447)</b>	<b>(97,209)</b>
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	—	(5,751)	5,751
<b>Net loss (post Business Combination)</b>	<b>(120,656)</b>	<b>(17,696)</b>	<b>(102,960)</b>
Net loss attributable to redeemable noncontrolling interest	(23,291)	(8,336)	(14,955)
Net income attributable to noncontrolling interest	972	—	972
<b>Net loss attributable to the Company</b>	<b>(98,337)</b>	<b>(9,360)</b>	<b>(88,977)</b>
Less: Preferred dividends	(471)	(328)	(143)
<b>Net loss attributable to Class A common shareholders</b>	<b>\$ (98,808)</b>	<b>\$ (9,688)</b>	<b>\$ (89,120)</b>

## Revenue

Revenue for the three months ended March 31, 2024 and 2023 was primarily driven by NASA under the other commercial payload contracts associated with the IM-1, IM-2 and IM-3 lunar payload missions as well as the OMES III contract where we provide engineering services to the Landsat Servicing mission.

The following provides a summary of the material contracts and estimated mission launch dates for each lunar payload mission impacting our results of operations:

- The NASA payload contract for the IM-1 mission was awarded in June 2019 and was completed in February 2024. As a result of the successful landing on the lunar surface, previously constrained revenue of approximately \$12.3 million was released which increased the total IM-1 mission contract revenue under NASA and other commercial fixed-priced contracts to \$132.3 million as of March 31, 2024. As of March 31, 2023, total IM-1 mission estimated contract revenues were approximately \$117.9 million.
- The initial NASA payload contract for the IM-2 mission was awarded in October 2020 with a targeted mission launch date in December 2022. Total IM-2 mission estimated contract revenue under NASA and other

commercial fixed-priced contracts increased to \$122.3 million (excluding constrained revenue of \$13.5 million) as of March 31, 2024 as compared to \$102.2 million as of March 31, 2023. The increase in total mission estimated contract revenue is primarily due to a pending task order modification with NASA to change the mission targeted landing site within the South Pole region of the moon and extend the expected launch and post-launch services of IM-2 to late 2024 which increased estimated revenue by approximately \$14.0 million.

- The initial NASA payload contract for the IM-3 mission was awarded in November 2021 with an initial targeted mission launch date no later than June 2024 under our current contract with NASA. Total IM-3 mission estimated revenue under fixed-priced contracts is \$87.0 million (excluding constrained revenue of \$9.8 million) as of March 31, 2024 as compared to \$85.4 million as of March 31, 2023. The increase in total mission estimated contract revenue is primarily due to a pending task order modification with NASA to identify its complement of payloads and extend the mission timeline into 2025 which increased estimated revenue by approximately \$15.1 million.

Total revenue increased by \$54.8 million, or 301%, for the three months ended March 31, 2024 compared to the same period in 2023. Revenue on the IM-1 mission increased approximately \$10.8 million to \$12.3 million for the three months ended March 31, 2024 from \$1.4 million for the same period in 2023. The increase in IM-1 revenue was due to the successful completion of the mission in February 2024 which resulted in the release of approximately \$12.3 million in previously constrained revenue. Revenue on the IM-2 mission for the three months ended March 31, 2024 was \$10.0 million compared to \$8.6 million in the same period of 2023 and was primarily driven by a favorable change resulting from a pending task order modification to change the mission targeted landing site and extend the mission to late 2024 discussed above. As of March 31, 2024, the IM-2 mission is approximately 85% complete. Revenue from the IM-3 mission decreased to \$5.5 million for the three months ended March 31, 2024 from \$5.6 million for the same period in 2023. The IM-3 mission was awarded in the fourth quarter of 2021 and was approximately 59% complete as of March 31, 2024.

Revenues from task orders under the OMES III contract were approximately \$41.8 million during the three months ended March 31, 2024. The OMES III contract started in December 2023 and therefore there were no corresponding revenues during the three months ended March 31, 2023. Other contract revenues increased approximately \$0.8 million primarily as a result of new contracts awarded in 2023 including the Jetson Low Power and other contracts partially offset by the completion of the initial phase of the fission surface power contract in the third quarter of 2023.

### ***Operating Expenses***

#### *Cost of revenue (excluding depreciation)*

Total cost of revenue increased by \$37.8 million, or 163%, for the three months ended March 31, 2024 compared to the same period in 2023. Cost of revenue on the IM-1 mission decreased slightly by \$1.7 million from \$6.7 million down to \$5.0 million due to winding down progress as the mission was completed in February 2024. On the IM-2 mission, cost of revenue decreased by approximately \$1.6 million to \$6.6 million for the three months ended March 31, 2024 from \$8.2 million in the same period in 2023. IM-3 mission cost of revenue decreased by approximately \$2.3 million to \$4.8 million for the three months ended March 31, 2024 compared to \$7.1 million in the same period in 2023.

As of March 31, 2024, our two lunar missions are in loss positions. On the IM-2 mission, we decreased the accrued contract loss by approximately \$2.5 million during the three months ended March 31, 2024 which was primarily driven by the favorable change resulting from a pending task order modification to change the mission targeted landing site and extend the mission to late 2024 discussed above. On the IM-3 mission, the accrued contract loss increased by approximately \$1.1 million during the three months ended March 31, 2024 primarily due to estimated changes resulting from the pending task order modification to extend the mission timeline into 2025 discussed above.

Cost of revenue from task orders under the OMES III contract were approximately \$40.0 million during the three months ended March 31, 2024. The OMES III contract started in December 2023 and therefore there were no corresponding cost of revenue during the three months ended March 31, 2023. Other contract cost of revenue increased approximately \$0.4 million.

#### *General and administrative expense (excluding depreciation)*

General and administrative expense (excluding depreciation) increased by \$8.4 million for the three months ended March 31, 2024 compared to the same periods in 2023, driven primarily by our growth to support corporate and business operations, resulting in higher share-based compensation expense of \$3.7 million, headcount of \$0.7 million, bids and



proposals expense of \$0.9 million. For the same comparative periods, we incurred increases in expenses related to professional services and various other administrative costs of \$0.5 million primarily driven by accounting and legal fees, \$0.7 million for rent expense primarily driven by the move to our new corporate headquarters in late 2023. The Company incurred bad debt expense of \$1.7 million related to a payload customer on the IM-3 mission during the first quarter of 2024.

#### *Other expense, net*

Total other expense, net unfavorable change of \$109.0 million for the three months ended March 31, 2024 compared to the same period in 2023 was primarily due to loss on issuance of securities of \$68.7 million and unfavorable changes in fair value of the earn-out liabilities of \$18.9 million and warrant liabilities of \$24.0 million, slightly offset by \$2.4 million related to the change in the fair value of SAFE Agreements which was eliminated in the first quarter of 2023.

#### *Income tax expense*

For the three months ended March 31, 2024, we recognized no income taxes for the combined U.S. federal and state expense for income taxes. For the three months ended March 31, 2023, we recognized a combined U.S. federal and state benefit for income taxes of \$3.2 million. The effective combined United States federal and state income tax rates were 0.0% and (15.9%) for the three months ended March 31, 2024 and 2023, respectively. For three months ended March 31, 2024, our effective tax rate differed from the statutory rate primarily due to deferred taxes for which no benefit is being recorded and losses attributable to noncontrolling interest unitholders that are taxable on their respective share of taxable income. For the three months ended March 31, 2023, our effective tax rate differed from the statutory rate primarily due to Intuitive Machines, LLC's status as a partnership for U.S. federal income tax purposes.

### **Key Business Metrics and Non-GAAP Financial Measures**

We monitor the following key business metrics and non-GAAP financial measures that assist us in evaluating our business, measuring our performance, identifying trends and making strategic decisions.

#### **Backlog**

We define backlog as our total estimate of the revenue we expect to realize in the future as a result of performing work on awarded contracts, less the amount of revenue we have previously recognized. We monitor our backlog because we believe it is a forward-looking indicator of potential sales which can be helpful to investors in evaluating the performance of our business and identifying trends over time. We generally include total expected revenue in backlog when a contract is awarded by the customer under a legally binding agreement. Our backlog does not include any estimate of future potential orders that might be awarded under government-wide acquisition contracts, agency-specific indefinite delivery/indefinite quantity contracts or other multiple-award contract vehicles, nor does it include option periods that have not been exercised by the customer. Due to government procurement rules, in certain cases revenue included in backlog are subject to budget appropriation or other contract cancellation clauses. Nearly all contracts allow customers to terminate the agreement at any time for convenience. If any of our contracts with firm orders were to be terminated, our backlog would be reduced by the expected value of the unfilled orders of such contracts. Consequently, our backlog may differ from actual revenue recognized in our financial statements.

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

<b>(in thousands)</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Backlog	\$ 222,380	\$ 268,566

Orders comprising backlog as of a given balance sheet date are typically invoiced in subsequent periods. As of March 31, 2024, we expect to recognize approximately 55-60% of our backlog over the remainder of 2024, approximately 25-30% over the subsequent twelve months of 2025 and the remaining 10-20% thereafter. Our backlog could experience volatility between periods, including as a result of customer order volumes and the speed of our fulfillment, which in turn may be impacted by the nature of products and services ordered, the amount of inventory on hand to satisfy orders and the necessary development and manufacturing lead time required to satisfy certain orders.

Backlog decreased by \$46.2 million as of March 31, 2024 compared to December 31, 2023, primarily due to continued performance on existing contracts of \$73.1 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 slightly offset by \$37.6 million in new awards primarily associated with favorable backlog adjustments to the IM-2 and IM-3 missions associated with unapproved task order modifications.

As of March 31, 2024, our backlog of \$222.4 million exceeded our remaining performance obligations of \$65.8 million as reported in Note 3 - Revenue to our condensed consolidated financial statements included in this Quarterly Report. The difference of \$156.6 million was primarily related to \$52.6 million of variable consideration associated with constrained revenue, \$104.0 million in backlog related to the funded value of OMES III and various other time and material contracts where revenue is recognized when services are performed and contractually billable and therefore not included in remaining performance obligations.

### ***Non-GAAP Financial Measures***

#### *Adjusted EBITDA*

Adjusted EBITDA is a key performance measure that our management team uses to assess our operating performance. We calculate Adjusted EBITDA 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.

We present Adjusted EBITDA because we believe it is helpful in highlighting trends in our 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 you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect interest income, interest expense or other non-operating gains and losses, which may represent an increase to or reduction in cash available to us;
- Adjusted EBITDA does not consider the impact of share-based compensation expense, which is expected to continue to be part of our compensation strategy;
- Adjusted EBITDA does not consider the impact of change in fair value of SAFE Agreements, change in fair value of earn-out liabilities, change in fair value of warrant liabilities, or loss on issuance of securities that we do not consider to be routine in nature for the ongoing financial performance of our business;
- Adjusted EBITDA excludes non-cash charges for depreciation of property and equipment, and although the assets being depreciated may have to be replaced in the future, Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- Adjusted EBITDA does not reflect provisions for income taxes, which may represent a reduction in cash available to us.

Other companies, including companies in our 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.

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

(in thousands)	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (120,656)	\$ (23,447)
Adjusted to exclude the following:		
Taxes	—	3,215
Depreciation	414	296
Interest expense, net	20	279
Share-based compensation expense	3,926	207
Change in fair value of earn-out liabilities	22,597	3,726
Change in fair value of warrant liabilities	23,964	—
Change in fair value of SAFE Agreements	—	2,353
Loss on issuance of securities	68,676	—
Other income, net	(1)	(89)
Adjusted EBITDA	\$ (1,060)	\$ (13,460)

### 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:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (6,442)	\$ (18,666)
Purchases of property and equipment	(1,588)	(8,565)
Free cash flow	\$ (8,030)	\$ (27,231)

### Liquidity and Capital Resources

Since inception, we have funded our operations through internally generated cash on hand, proceeds from sales of our capital stock, including the execution of SAFE Agreements, and our proceeds from the issuance of bank debt. We assess our liquidity in terms of our ability to generate adequate amounts of cash to meet current and future needs. Our expected primary uses of cash on a short and long-term basis are for working capital requirements, capital expenditures, debt service requirements and other general corporate services. Our primary working capital requirements are for project execution activities including purchases of materials, subcontracted services and payroll which fluctuate during the year, driven primarily by the timing and extent of activities required on new and existing projects. Our capital expenditures are primarily related to machinery and equipment, computers and software, and leases.

As of March 31, 2024, we had cash and cash equivalents of \$55.2 million and working capital of \$10.9 million. In the first quarter of 2024, the Company received approximately \$60.6 million in gross proceeds from warrant exercises and other equity transactions, as further described in Notes 7 and 8.

In connection with the Business Combination as discussed in Notes 1 and 7, the Company entered into the Cantor Purchase Agreement, pursuant to which the Company may direct CFPI, at the Company's discretion, to purchase up to the lesser of (i) \$50.0 million of newly issued shares of Class A Common Stock and (ii) the "exchange cap" specified therein, subject to certain customary conditions and limitations set forth in the agreement. Additionally, in April 2024, the Company and Cantor entered into a Controlled Equity Offering Sales Agreement with Cantor acting as the Company's exclusive sales agent for the sale of newly issued shares of Class A Common Stock for aggregate proceeds up to \$100.0 million.

Management believes that the cash and cash equivalents as of March 31, 2024, and the additional liquidity available with the Cantor Purchase Agreement and Controlled Equity Offering Sales Agreement as further discussed in Note 7, will be sufficient to fund the short-term liquidity needs and the execution of the business plan through at least the twelve-month period from the date the financial statements are issued.

#### ***Live Oak Mobilization Credit Facility***

In December 2019, the Company entered into a loan agreement with Live Oak Banking Company (the "Credit Mobilization Facility") which provided a \$12.0 million credit mobilization facility that was paid in full as of November 2023. In July 2022, we entered into the Second Amended and Restated Loan Agreement with Live Oak Banking Company which provided an \$8.0 million credit mobilization facility with a loan maturity of July 14, 2024. The Credit Mobilization Facility bears interest (payable monthly) at a rate per annum equal to the greater of (a) the prime rate, as published in the Wall Street Journal newspaper, plus 2.0% and (b) 5.0% and requires the Company to meet certain financial and other covenants and are secured by substantially all of the assets of the Company.

The credit mobilization facilities require compliance with various covenants customary for agreements of this type, including those restricting our ability to incur debt, incur liens and undergo certain fundamental changes. The credit mobilization facilities also include events of default customary for agreements of this type. As of March 31, 2024, we were in compliance with all covenants under the credit mobilization facilities.

There was \$8.0 million outstanding under the Credit Mobilization Facility as of March 31, 2024 and December 31, 2023. See Note 5 - Debt to our condensed consolidated financial statements for additional information related to the credit mobilization facilities.

#### ***Bridge Loan***

On January 10, 2024, the Company entered into a series of loan documents with Pershing LLC, an affiliate of Bank of New York Mellon, pursuant to which Pershing LLC agreed to an extension of credit in an amount not to exceed \$10.0 million to the Company (the "Bridge Loan"). Borrowings under the Bridge Loan bear interest at the target interest rate set by the Federal Open Market Committee ("Fed Funds Rate"), subject to a 5.5% floor, plus a margin. For borrowings, the applicable rate margin is 0.9%. The \$10.0 million in borrowings are available for working capital needs and other general corporate purposes must be repaid by February 22, 2024.

The Bridge Loan included guarantees (the "Credit Support Guarantees") by Ghaffarian Enterprises, LLC (an affiliate of Dr. Kamal Ghaffarian) ("Ghaffarian Enterprises") and documentation by which Ghaffarian Enterprises, LLC supported such Credit Support Guarantees with collateral including marketable securities (the "Credit Support"), in each case in favor of the lender for the benefit of the Company. On January 10, 2024, the Company and Ghaffarian Enterprises entered into a credit support fee and subrogation agreement, where the Company agreed to pay a support fee of \$148 thousand for the Credit Support.

On January 29, 2024, the Bridge Loan was repaid in full as a result of \$10.0 million in contributions from the Guarantor under the Bridge Loan Conversion transaction further described in Note 7.

#### ***Other***

In March 2024, the Company filed a shelf registration statement on Form S-3 (File No. 333-278288) with the Securities and Exchange Commission, which permits the offering, issuance, and sale of up to a maximum aggregate offering price of \$300.0 million of the Company's Class A common stock and warrants. Up to a maximum of \$100.0 million of the

maximum aggregate offering price of \$300.0 million may be issued and sold pursuant to an at-the-market financing facility under a capital controlled equity offering sales agreement between the Company and Cantor Fitzgerald & Co. As of the date of this filing, the Company raised approximately \$7.4 million in net proceeds pursuant to the at-the-market financing facility. In addition, subject to market and other conditions, we may opportunistically pursue underwritten public offerings of our Class A common stock under such shelf registration statement for our account or the account of our selling stockholders. Unless otherwise specified in the prospectus supplement relating to any such offering, we expect to use the net proceeds of any sales of Class A common stock for our account for general corporate purposes. We would not receive any proceeds from the sale of our Class A common stock by the selling stockholders. We expect to continue to evaluate opportunities for such underwritten offerings over the near and intermediate term.

### **Cash Flows**

The following table summarizes our cash flows for the periods presented:

<b>(in thousands)</b>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net cash used in operating activities	\$ (6,442)	\$ (18,666)
Net cash used in investing activities	\$ (1,588)	\$ (8,565)
Net cash provided by financing activities	\$ 60,754	\$ 48,268

### **Cash Flows for the three months ended March 31, 2024 and 2023**

#### *Operating Activities*

During the three months ended March 31, 2024, our operating activities used \$6.4 million of net cash as compared to \$18.7 million of net cash used during the three months ended March 31, 2023. Changes in operating assets and liabilities which consist primarily of working capital balances for our projects may vary and are impacted by the stage of completion and contractual terms of projects. The primary components of our working capital accounts are trade accounts receivable, contract assets, accounts payable, and contract liabilities.

#### *Investing Activities*

During the three months ended March 31, 2024, investing activities used \$1.6 million of net cash as compared to \$8.6 million of net cash used during the three months ended March 31, 2023. The \$7.0 million favorable change was primarily due to capital expenditures associated with construction in progress on equipment to be used for future missions and for our lunar operations center.

#### *Financing Activities*

During the three months ended March 31, 2024, financing activities provided \$60.8 million of net cash as compared to \$48.3 million of net cash provided during the three months ended March 31, 2023.

During 2024, our financing activities included \$50.6 million in proceeds from the exercise of warrants, \$10.0 million in proceeds received in borrowings under the Bridge Loan offset by the repayment of \$10.0 million, and \$10.0 million in proceeds from the issuance of securities.

During 2023, our financing activities included \$34.1 million in proceeds received upon consummation of the Business Combination and Series A Preferred Stock issuance slightly offset by \$0.8 million in related transaction costs paid. We also received \$12.7 million in cash associated with the termination of a prepaid forward purchase agreement and \$2.2 million in proceeds from the exercise of warrants.

### **Contractual Obligations and Commitments**

#### *Lease Commitments*

We lease real estate for office space and for administrative, research, marketing and light manufacturing operations. These leases are classified as operating leases with various expiration dates through 2043.

In September 2021, we signed a ground lease agreement for the development of a Lunar Production and Operations Center (“LPOC”) that will serve as a production and testing facility of lunar lander components and other aerospace related operations which provided for the lessor to reimburse up to \$40.0 million for certain costs incurred by us for design, construction, and development. Management concluded that it was deemed the owner, for accounting purposes only, of the facility under build-to-suit lease accounting due to its involvement in the construction activities of the facility. Accordingly, we are accounting for the construction of the facility as a financing arrangement. Upon completion of the construction, the lease agreement will have an initial term of 20 years with four optional renewal periods of 5 years each.

During the fourth quarter of 2022, construction was completed for the Small Engine Verification facility (the “SEV” facility) portion of the lunar operations center, and we took possession of the SEV facility. As of March 31, 2024, the Company recorded right-of-use assets of \$2.9 million and corresponding lease liabilities of \$3.3 million.

During the third quarter of 2023, the remaining construction for the LPOC was near completion, we took possession of the entire facility. Upon commencement of the lease, we determined that the LPOC qualified for sale and leaseback accounting, with the leaseback being classified as an operating lease. As of March 31, 2024, the Company recorded right-of-use assets of \$31.5 million and operating lease liabilities of \$28.0 million. As of March 31, 2024, we have approximately \$2.2 million of contractual obligations to complete construction of the LPOC which will be funded through available cash on hand.

#### *Live Oak Credit Mobilization Facility*

For disclosures regarding our Live Oak Credit Mobilization Facility, refer to the preceding discussions under Liquidity and Capital Resources and Note 5 - Debt.

#### *Purchase Commitments*

From time-to-time, we enter into long-term commitments with vendors to purchase launch services and for the development of certain components in conjunction with our obligations under revenue contracts with our customers. As of March 31, 2024, we had remaining purchase obligations under non-cancelable commitments with four vendors totaling \$23.5 million of which \$16.9 million is due within the next twelve months and the remaining \$6.6 million is due in the subsequent twelve-month period.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

We believe that the following accounting policies involve a high degree of judgement and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. Significant accounting policies employed by us, including the use of estimates, are presented in Note 2 - Summary of Significant Accounting Policies to our condensed consolidated financial statements included elsewhere in this Quarterly Report and our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2022 contained in our Annual Report on Form 10-K, filed with the SEC on March 25, 2024.

The preparation of our condensed consolidated financial statements and related disclosures requires us to make estimates and judgements that affect the amounts reported in those financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

#### ***Revenue Recognition***

We recognize revenue in accordance with ASC 606, Revenue from Contracts with Customers. Our revenue is primarily generated from the progress on long-term lunar mission contracts and engineering services for the research, design, development, and manufacturing of advancement technology aerospace system.

Revenue is measured based on the amount of consideration specified in a contract with a customer. Revenue is recognized when and as our performance obligations under the terms of the contract are satisfied which generally occurs with the transfer of services to the customer. For each long-term contract, we determine the transaction price based on the consideration expected to be received. We allocate the transaction price to each distinct performance obligation to deliver a good or service, or a collection of goods and/or services, based on the relative standalone selling prices.

For most of our business, where performance obligations are satisfied due to the continuous transfer of control to the customer, revenue is recognized over time. Where the customer contracts with us to provide a significant service of integrating a complex set of tasks and components into a single project or capability, those contracts are accounted for as single performance obligations. We recognize revenue generally using the cost-to-cost method, based primarily on contract costs incurred to date compared to total estimated contract costs at completion. This method is deemed appropriate in measuring performance towards completion because it directly measures the value of the goods and services transferred to the customer. Billing timetables and payment terms on our contracts vary based on a few factors, including the contract type. Typical payment terms under fixed-price contracts provide that the customer pays either performance-based payment based on the achievement of contract milestones or progress payments based on a percentage of costs we incur.

Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion (the process described below in more detail) is complex and subject to many variables and requires significant judgment. The consideration to which we are entitled on our long-term contracts may include both fixed and variable amounts. Variable amounts can either increase or decrease the transaction price.

We include estimated amounts of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the contract price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. We reassess the amount of variable consideration each accounting period until the uncertainty associated with the variable consideration is resolved. Changes in the assessed amount of variable consideration are accounted for prospectively as a cumulative adjustment to revenue recognized in the current period.

When changes are required for the estimated total revenue on a contract, these changes are recognized on a cumulative catch-up basis in the current period. A significant change in one or more estimates could affect the profitability of one or more of our performance obligations. If estimates of total costs to be incurred exceed estimates of total consideration the Company expects to receive, a provision for the remaining loss on the contract is recorded in the period in which the loss becomes evident.

### **Emerging Growth Company Status**

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is either not an emerging growth company or an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

#### **Item 4. Controls and Procedures**

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Part II – Other Information**

### **Item 1. Legal Proceedings**

In the ordinary course of business, we are involved in various pending and threatened litigation matters. In the future, we may be subject to additional legal proceedings, the scope and severity of which is unknown and could adversely affect our business. In addition, from time to time, we may receive letters or other forms of communication asserting claims against us. Information relating to commitments and contingencies is described in Note 12 - Commitments and Contingencies to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### **Item 1A. Risk Factors**

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our 2023 Annual Report on Form 10-K. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed except as disclosed below.

*Our business and operations could be negatively affected if it becomes subject to certain claims, litigation or shareholder activism, which could, among other things, cause us to incur significant expense, negatively impact our reputation, hinder execution of business and growth strategy and impact our stock price.*

For new public registrants, periods of high stock price volatility may result in various types of claims including securities class action litigation or shareholder activism, which could take many forms or arise in a variety of situations. Volatility in the stock price of our Class A Common Stock or other reasons may in the future cause us to become the target of securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert management's and our Board's attention and resources from our business. Additionally, the Company may be subject to litigation from customers, suppliers or other parties. For example, on April 8, 2024, the Company received a letter threatening litigation by an entity complaining that it received an insufficient number of Class A Common shares when it converted its shares of 10% Series A Cumulative Convertible Preferred Stock in February 2024. The conversion amount had been agreed to, confirmed and ratified by such entity prior to the conversion. This entity had no involvement with the Company prior to the February 2024 transaction. The Company believes it has strong defenses to any claim, and would defend any litigation vigorously. Any litigation could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any litigation and activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any litigation and stockholder activism.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

#### *Unregistered Sales of Equity Securities*

The information required has been previously disclosed in (i) our Current Report on Form 8-K filed with the SEC on January 11, 2024 and (ii) Current Report on Form 8-K filed with the SEC on January 30, 2024.

#### *Issuer Purchases of Equity Securities*

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.



**Item 5. Other Information*****Insider Adoption or Termination of Trading Arrangements***

During the quarter ended March 31, 2024, certain of our officers or directors listed below adopted or terminated trading arrangements for the purchase or sale of shares of our Class A common stock in amounts and prices determined in accordance with a formula set forth in each such plan:

<b>Name</b>	<b>Title</b>	<b>Date Entered</b>	<b>Date Expires</b>	<b>Shares</b>
Kamal Ghaffarian	Chairman of the Board	03/22/2024	01/20/2025	the sale of up to 5,291,622 shares and contains pricing conditions that preclude or limit the sale of shares below predetermined minimum pricing
Stephen Altemus	Chief Executive Officer and Director	03/22/2024	12/31/2024	the sale of up to 3,000,000 shares and contains pricing conditions that preclude or limit the sale of shares below predetermined minimum pricing
Timothy Crain	Chief Growth Officer	03/22/2024	06/30/2025	the sale of up to 3,200,000 shares and contains pricing conditions that preclude or limit the sale of shares below predetermined minimum pricing

**Item 6. Exhibits**

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

Exhibit Number	Description of Exhibit	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.1+	<a href="#">Amended and Restated Director Compensation Policy</a>				
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934</a>				
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934</a>				
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
32.2**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101.INS)				

\* Filed herewith.

\*\* Furnished.

+ Indicates management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 14, 2024

**Intuitive Machines, Inc.**

/s/ Steven Vontur

**Steven Vontur**

**Interim Chief Financial Officer and Controller**

*(Interim Principal Financial Officer)*

