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DELTA REPORT

10-Q

INTUITIVE MACHINES, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2207
CHANGES	327
DELETIONS	993
ADDITIONS	887

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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 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	**36-5056189**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3700 Bay Area Blvd, Suite 600 13467 Columbia Shuttle Street	
Houston, Texas	**77058 77059**
(Address of Principal Executive Offices)	(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 x No o

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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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. o

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

As of November May 8, 2023 2024, the Registrant had 21,027,892 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, 2022 December 31, 2023 (the "2022 "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)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 40,652	$ 25,764
Restricted cash	62	62
Trade accounts receivable, net of allowance for expected credit losses of $0 and $836, respectively	2,453	1,302
Contract assets	2,005	6,979
Prepaid and other current assets	3,716	6,885
Total current assets	48,888	40,992
Property and equipment, net	17,503	21,176
Operating lease right-of-use assets	36,575	4,829
Deferred income taxes	7	7
Total assets	$ 102,973	$ 67,004
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 9,675	$ 6,081
Accounts payable - affiliated companies	1,060	442
Current maturities of long-term debt	19,982	16,098
Contract liabilities, current	49,679	56,656
Operating lease liabilities, current	6,249	725
Other current liabilities	14,262	15,178
Total current liabilities	100,907	95,180
Long-term debt, net of current maturities	—	3,863
Contract liabilities, non-current	566	2,188
Operating lease liabilities, non-current	25,782	5,078
Simple Agreements for Future Equity ("SAFE Agreements")	—	18,314
Earn-out liabilities	19,218	—
Warrant liabilities	16,471	—
Other long-term liabilities	4	—
Total liabilities	162,948	124,623
Commitments and contingencies (Note 14)		
MEZZANINE EQUITY		
Series A preferred stock subject to possible redemption, $0.0001 par value, 25,000,000 shares authorized, 26,000 shares issued and outstanding at September 30, 2023	27,506	—
Redeemable noncontrolling interests	258,733	—
SHAREHOLDERS' EQUITY (DEFICIT)		
Common units	—	1
Class A common stock, $0.0001 par value, 500,000,000 shares authorized, 22,237,988 shares issued and 20,987,988 outstanding at September 30, 2023	2	—
Class B common stock, $0.0001 par value, 100,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2023	—	—
Class C common stock, $0.0001 par value, 100,000,000 shares authorized, 70,909,012 shares issued and outstanding at September 30, 2023	7	—
Treasury stock, at cost, 1,250,000 shares at September 30, 2023	(12,825)	—
Paid-in capital	—	14,967
Accumulated deficit	(333,398)	(72,587)
Total shareholders' deficit	(346,214)	(57,619)

Total liabilities, mezzanine equity and shareholders' deficit	$ 102,973	$ 67,004

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
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
Total current assets	115,728	31,611
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
Total assets	$ 170,771	$ 85,908
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		
Current liabilities		
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
Total current liabilities	104,813	83,380
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
Total liabilities	214,708	139,327
Commitments and contingencies (Note 12)		
MEZZANINE EQUITY		
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
SHAREHOLDERS' DEFICIT		
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)
Total shareholders' deficit attributable to the Company	(493,650)	(263,282)
Noncontrolling interests	972	—
Total shareholders' deficit	(492,678)	(263,282)
Total liabilities, mezzanine equity and shareholders' deficit	$ 170,771	$ 85,908

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 September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
	2024					2024	2023
Revenue	**Revenue**	$ 12,731	$10,271	$ 48,960	$47,959		
Operating expenses:	**Operating expenses:**						
Cost of revenue (excluding depreciation)	Cost of revenue (excluding depreciation)	25,768	17,285	71,375	54,688		
Cost of revenue (excluding depreciation)							
Cost of revenue (excluding depreciation)							
Depreciation	Depreciation	329	276	944	783		
General and administrative expense (excluding depreciation)							
General and administrative expense (excluding depreciation)							
General and administrative expense (excluding depreciation)	General and administrative expense (excluding depreciation)	9,853	4,507	27,006	11,004		
Total operating expenses	**Total operating expenses**	35,950	22,068	99,325	66,475		
Operating loss	**Operating loss**	(23,219)	(11,797)	(50,365)	(18,516)		
Other income (expense), net:							
Other expense, net:							
Interest expense, net							
Interest expense, net							
Interest expense, net	Interest expense, net	(228)	(270)	(781)	(523)		
Change in fair value of earn-out liabilities							
Change in fair value of earn-out liabilities							

Change in fair value of earn-out liabilities	Change in fair value of earn-out liabilities	36,036	—	61,066	—
Change in fair value of warrant liabilities	Change in fair value of warrant liabilities	10,259	—	10,259	—
Change in fair value of SAFE Agreements	Change in fair value of SAFE Agreements	—	(255)	(2,353)	181
Loss on issuance of securities	Loss on issuance of securities	(6,729)	—	(6,729)	—
Other income (expense), net		(418)	10	(379)	5
Total other income (expense), net		38,920	(515)	61,083	(337)
Income (loss) before income taxes		15,701	(12,312)	10,718	(18,853)
Income tax (expense) benefit		(605)	380	(292)	25
Net income (loss)		15,096	(11,932)	10,426	(18,828)
Other income, net					
Total other expense, net					
Loss before income taxes					
Income tax expense					
Net loss					
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	—	(11,932)	(5,751)	(18,828)
Net income for the period February 13, 2023 through September 30, 2023		15,096	—	16,177	—
Net loss (post Business Combination)					
Net loss attributable to redeemable noncontrolling interest	Net loss attributable to redeemable noncontrolling interest	(18,555)	—	(37,635)	—
Net income attributable to the Company		33,651	$ —	53,812	—
Less: Cumulative preferred dividends		(674)	—	(1,657)	—
Net income attributable to Class A common shareholders		$ 32,977	$ —	$ 52,155	$ —
Net income attributable to noncontrolling interest					

Net loss attributable to the Company				
Less: Preferred dividends				
Net loss attributable to Class A common shareholders				
Net income per share (1)				
Net income per share of Class A common stock - basic	$ 1.89	$ 3.20		
Net income per share of Class A common stock - diluted	1.29	2.16		
Net loss per share (1)				
Net loss per share (1)				
Net loss per share (1)				
Net loss per share of Class A common stock - basic and diluted				
Net loss per share of Class A common stock - basic and diluted				
Net loss per share of Class A common stock - basic and diluted				
Weighted-average common shares outstanding **Weighted-average common shares outstanding**				
Weighted average shares outstanding - basic	17,411,217	16,294,029		
Weighted average shares outstanding - diluted	26,126,245	24,964,408		
Weighted-average common shares outstanding				
Weighted-average common shares outstanding				
Weighted average shares outstanding - basic and diluted				
Weighted average shares outstanding - basic and diluted				
Weighted average shares outstanding - basic and diluted			36,612,270	15,224,378

(1)As a result of the Business Combination, (as defined herein), the capital structure has changed and income the net loss per share information is only presented for 2023 represents results after the Closing Date (as defined herein) of the Business Combination, for the period from February 13, 2023 through September 30, 2023 March 31, 2023. See Note 3 1 - Business Combination and Related Transactions Description and Note 13 11 - Net Income 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 September 30, 2023			
	Series A Preferred Stock		Redeemable
	Shares	Amount	Noncontrolling Interest
Balance, June 30, 2023	26,000	$ 26,823	$ 578,630
Issuance of series A preferred stock	—	—	—
Cumulative preferred dividends	—	674	—
Accretion of preferred stock discount	—	9	—
Establishment of redeemable noncontrolling interests	—	—	—
Subsequent remeasurement of redeemable noncontrolling interests	—	—	(301,342)
Net loss attributable to redeemable noncontrolling interests	—	—	(18,555)
Balance, September 30, 2023	26,000	$ 27,506	$ 258,733

Three Months Ended March 31, 2024			
	Series A Preferred Stock		Redeemable
	Shares	Amount	Noncontrolling Interest
Balance, December 31, 2023	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)
Balance, March 31, 2024	5,000	$ 5,560	$ 443,181

Nine Months Ended September 30, 2023

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

Series A Preferred Stock

Series A Preferred Stock

Shares

Redeemable Noncontrolling Interest

Balance, December 31, 2022

Balance, December 31, 2022

Balance, December 31, 2022

Issuance of Series A preferred stock

	Series A Preferred Stock		Redeemable Noncontrolling Interest
	Shares	Amount	
Balance, December 31, 2022	—	$ —	$ —
Issuance of series A preferred stock	26,000	25,827	—
Cumulative preferred dividends	—	1,657	—
Accretion of preferred stock discount	—	22	—

Cumulative preferred dividends

Cumulative preferred dividends

Cumulative preferred dividends

Establishment of redeemable noncontrolling interests

Establishment of redeemable noncontrolling interests				
Establishment of redeemable noncontrolling interests	Establishment of redeemable noncontrolling interests	—	—	(85,865)
Subsequent remeasurement of redeemable noncontrolling interests	Subsequent remeasurement of redeemable noncontrolling interests	—	—	382,233
Net loss attributable to redeemable noncontrolling interests	Net loss attributable to redeemable noncontrolling interests	—	—	(37,635)
Balance, September 30, 2023		26,000	$ 27,506	$ 258,733
Balance, March 31, 2023				

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							
	Shares	Amount	Shares	Amount	Treasury Stock	Paid-in Capital	Accumulated Deficit	Shareholders' Deficit attributable to the Company	NCI	Total Shareholders' Deficit
Balance, December 31, 2023	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)
Balance, March 31, 2024	**52,496,932**	**$ 5**	**70,909,012**	**$ 7**	**$ (12,825)**	**$ —**	**$ (480,837)**	**$ (493,650)**	**$ 972**	**$ (492,678)**

Three Months Ended March 31, 2023

	Members Units		Common Stock Class A		Common Stock Class B		Common Stock Class C					
	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Treasury Stock	Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
Balance, December 31, 2022	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)
Effects of Business Combination												
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
Activities subsequent to the Business Combination												
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)
Balance, March 31, 2023	**—**	**$ —**	**16,021,804**	**$ 2**	**10,566**	**$ —**	**68,140,188**	**$ 6**	**$ (12,825)**	**$ —**	**$ (870,511)**	**$ (883,328)**

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**
Cash flows from operating activities:		
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
Net cash used in operating activities	(6,442)	(18,666)
Cash flows from investing activities:		

Purchase of property and equipment	(1,588)	(8,565)
Net cash used in investing activities	(1,588)	(8,565)
Cash flows from financing activities:		
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
Net cash provided by financing activities	60,754	48,268
Net increase in cash, cash equivalents and restricted cash	52,724	21,037
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	$ 55,242	$ 46,801
Supplemental disclosure of cash flow information		
Cash paid for interest, net	$ 212	$ 464
Cash paid for taxes	$ —	$ 9
Noncash financing activities:		
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.

Condensed Consolidated Statements of Shareholders' Equity (Deficit)

(In thousands except per share data)

(Unaudited)

	Three Months Ended September 30, 2023											
	Members Units		Common Stock Class A		Common Stock Class B		Common Stock Class C			Paid-in	Accumulated	Total Shareholders'
	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Treasury Stock	Capital	Deficit	Equity
Balance, June 30, 2023	—	$ —	17,301,489	2	10,566	—	70,640,188	$ 7	$ (12,825)	$ —	$ (665,456)	$ (678,272)
Share-based compensation expense	—	—	—	—	—	—	—	—	—	1,556	—	1,556
Member distributions		—	64,328	—	—	—	268,824	—	—	3,168	(6,857)	(3,689)
Cumulative preferred dividends	—	—	—	—	—	—	—	—	—	(674)	—	(674)
Accretion of preferred stock discount	—	—	—	—	—	—	—	—	—	(9)	—	(9)
Class A common stock issued related to Private Placement (Note 9)	—	—	4,705,883	—	—	—	—	—	—	—	—	—
Class A common stock issued for stock options exercised	—	—	155,722	—	—	—	—	—	—	(314)	—	(314)
Class A common stock issued for Class B canceled	—	—	10,566	—	(10,566)	—	—	—	—	—	—	—
Partner capital	—	—	—	—	—	—	—	—	—	196	—	196
Subsequent remeasurement of redeemable noncontrolling interests	—	—	—	—	—	—	—	—	—	(3,923)	305,264	301,341

	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Treasury Stock	Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
Net income attributable to the Company	—	—	—	—	—	—	—	—	—	—	33,651	33,651
Balance, September 30, 2023	**—**	**$ —**	**22,237,988**	**$ 2**	**—**	**$ —**	**70,909,012**	**$ 7**	**$ (12,825)**	**$ —**	**$ (333,398)**	**$ (346,214)**

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

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

	Nine Months Ended September 30, 2023											
	Members Units		Common Stock Class A		Common Stock Class B		Common Stock Class C					
	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Treasury Stock	Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2022	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)
Effects of Business Combination												
Recapitalization	(122,527,000)	(1)	13,736,932	2	10,566	—	68,140,188	6	—	47,438	—	47,445
Conversion of SAFE Agreements	—	—	2,066,666	—	—	—	—	—	—	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
Activities subsequent to the Business Combination												
Share-based compensation expense	—	—	—	—	—	—	—	—	—	2,647	—	2,647
Member distributions	—	—	64,328	—	—	—	268,824	—	—	3,168	(11,120)	(7,952)
Cumulative preferred dividends	—	—	—	—	—	—	—	—	—	(1,657)	—	(1,657)
Accretion of preferred stock discount										(22)	—	(22)
Repurchase of common stock	—	—	—	—	—	—	—	—	(12,825)	—	—	(12,825)
Class A common stock issued for warrants exercised	—	—	1,402,106	—	—	—	—	—	—	16,124	—	16,124
Class A common stock issued related to Private Placement (Note 9)	—	—	4,705,883	—	—	—	—	—	—	—	—	—
Class A common stock issued for stock options exercised	—	—	155,722	—	—	—	—	—	—	(314)	—	(314)
Class A common stock issued for Class B canceled	—	—	10,566	—	(10,566)	—	—	—	—	—	—	—
Partner capital	—	—	—	—	—	—	—	—	—	196	—	196
Recapitalization adjustment (Note 3)	—	—	—	—	—	—	—	—	—	(1,000)	—	(1,000)
Issuance of Class A Common Stock related to CEF (Notes 3)	—	—	95,785	—	—	—	—	—	—	834	—	834
Issuance of Class C common stock related to earn-out awards (Note 3)	— 0	—	—	—	—	—	2,500,000	1	—	19,375	—	19,376
Other	—	—	—	—	—	—	—	—	—	—	2	2

Subsequent remeasurement of redeemable noncontrolling interests	—	—	—	—	—	—	—	—	—	(84,480)	(297,754)	(382,234)
Net income attributable to the Company	—	—	—	—	—	—	—	—	—	—	53,812	53,812
Balance, September 30, 2023	**—**	**$ —**	**22,237,988**	**$ 2**	**—**	**$ —**	**70,909,012**	**$ 7**	**$ (12,825)**	**$ —**	**$ (333,398)**	**$ (346,214)**

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

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

	Three Months Ended September 30, 2022				
	Members Units				Total Shareholders'
	Units	Amount	Paid-in Capital	Accumulated Deficit	Equity
Balance, June 30, 2022	122,500,000	$ 1	$ 14,577	$ (73,078)	$ (58,500)
Share-based compensation expense	500	—	145	—	145
Net loss	—	—	—	(11,932)	(11,932)
Balance, September 30, 2022	**122,500,500**	**$ 1**	**$ 14,722**	**$ (85,010)**	**$ (70,287)**

	Nine Months Ended September 30, 2022				
	Members Units				Total Shareholders'
	Units	Amount	Paid-in Capital	Accumulated Deficit	Equity
Balance, December 31, 2021	122,500,000	$ 1	$ 14,337	$ (66,182)	$ (51,844)
Share-based compensation expense	500	—	385	—	385
Net loss	—	—	—	(18,828)	(18,828)
Balance, September 30, 2022	**122,500,500**	**$ 1**	**$ 14,722**	**$ (85,010)**	**$ (70,287)**

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)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	$ 10,426	$ (18,828)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	944	783
Recoveries of bad debt expense	(836)	—
Loss on disposal of property and equipment	—	6
Share-based compensation expense	2,748	385
Change in fair value of SAFE Agreements	2,353	(181)

Change in fair value of earn-out liabilities	(61,066)	—
Change in fair value of warrant liabilities	(10,259)	—
Loss on issuance of securities	6,729	—
Other	25	6
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(314)	(10,320)
Contract assets	4,974	(12,655)
Prepaid expenses	(1,471)	(3,347)
Other assets, net	539	(103)
Accounts payable	6,995	3,945
Accounts payable – affiliated companies	618	1,726
Contract liabilities – current and long-term	(8,598)	8,034
Other liabilities	23,260	2,191
Net cash used in operating activities	(22,933)	(28,358)
Cash flows from investing activities:		
Purchase of property and equipment	(27,668)	(12,150)
Net cash used in investing activities	(27,668)	(12,150)
Cash flows from financing activities:		
Proceeds from Business Combination	8,055	—
Proceeds from issuance of Series A Preferred Stock	26,000	—
Transaction costs	(9,371)	—
Proceeds from borrowings	—	16,029
Repayment of loans	—	(108)
Proceeds from issuance of securities	20,000	—
Member distributions	(7,952)	—
Net costs of stock option exercises	(293)	—
Forward purchase agreement termination	12,730	—
Warrants exercised	16,124	—
Investment from non-controlling interests	196	—
SAFE Agreements	—	4,250
Net cash provided by financing activities	65,489	20,171
Net increase (decrease) in cash, cash equivalents and restricted cash	14,888	(20,337)
Cash, cash equivalents and restricted cash at beginning of the period	25,826	29,351
Cash, cash equivalents and restricted cash at end of the period	40,714	9,014
Less: restricted cash	62	62
Cash and cash equivalents at end of the period	$ 40,652	$ 8,952

	Nine Months Ended September 30,	
	2023	2022
Supplemental disclosure of cash flow information		
Cash paid for interest, net	$ 1,423	$ 606
Cash paid for taxes	$ 36	$ 355
Accrued capital expenditures	$ 579	$ 1,441
Noncash financing activities:		
Transaction costs	$ 15,074	$ —
SAFE Agreements	$ 20,667	$ —
Class A Common Stock related to CEF (Note 3)	$ 834	$ —
Preferred dividends	$ (1,657)	$ —

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, as contemplated by the Business Combination Agreement and described in the section titled "The Business Combination Proposal" of the final prospectus and definitive proxy statement of IPAX, dated January 24, 2023 and filed with the SEC on January 24, 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.

See Note 3 - Business Combination and Related Transactions for additional information.

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 December 31, 2022 balances reported herein are derived from the audited consolidated financial statements of Intuitive Machines, LLC.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements of Intuitive Machines, LLC as of and for the years ended December 31, 2022December 31, 2023 and 20212022 contained in our Annual Report on Form 8-K/A dated March 30, 2023,10-K, filed with the SEC on March 31, 2023 March 25, 2024. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 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. The effective dates shown in this Note 2 below reflect the election to use the extended transition period.

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 52% 93% and 65% 74%, respectively, of the Company's total revenue for the three and nine months ended September 30, 2023, March 31, 2024 and accounted for 99% and 81%, respectively, of the Company's total revenue for the three and nine months ended September 30, 2022. 2023, respectively. The largest customer's accounts receivable balance was nil 84% and

80% as of September 30, 2023 March 31, 2024 and December 31, 2022. Four other customers accounted for 29% December 31, 2023, 23%, 14%, and 13% of the accounts receivable balance as of September 30, 2023, and two customers accounted for 35% and 14% of the accounts receivable balance as of December 31, 2022. respectively.

Major suppliers are defined as those individually comprising more than 10% of the annual goods or services purchased. For the three and nine months ended September 30, 2023 March 31, 2024 the Company had one major supplier representing 4% and 23%, respectively, 38% of goods and services purchased. This For the three months ended March 31, 2023, the Company had two major supplier also accounted for 87% suppliers representing 63% and 85% 11% of goods and services purchased for the three and nine months ended September 30, 2022. purchased. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the one major supplier represented 16% 45% and 21% 2%, respectively, of the accounts payable balance.

Liquidity and Capital Resources

The unaudited condensed consolidated financial statements as of September 30, 2023 March 31, 2024 and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 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 September 30, 2023 March 31, 2024, the Company had cash and cash equivalents of $40.7 million $55.2 million and a working capital deficit of $52.0 million $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. As further described in Note 1 - Business Description, on February 13, 2023, In the first quarter of 2024, the Company received approximately $34.1 million of $60.6 million in gross proceeds to fund operations from warrant exercises and other equity transactions, as a result of the Business Combination with IPAX. Additionally, 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. Subsequent to the closing of the Business Combination, Additionally, in April 2024, the Company received $12.7 million in cash associated and Cantor entered into a Controlled Equity Offering Sales Agreement with Cantor acting as the termination Company's exclusive sales agent for the sale of a forward purchase agreement and $16.1 million in cash proceeds associated with warrant exercises.

On September 5, 2023, the Company consummated a securities purchase agreement pursuant to which the Company agreed to sell securities in a private placement which included the issuance by the Company of an aggregate of 4,705,883

newly issued shares of the Company's Class A Common Stock for aggregate gross proceeds of approximately $20.0 million up to $100.0 million. See Note 9 - Mezzanine Equity and Equity for additional information on this securities purchase agreement.

Management believes that the cash and cash equivalents as of September 30, 2023 March 31, 2024, and the additional liquidity provided by available with the equity facility Cantor Purchase Agreement and Controlled Equity Offering Sales Agreement discussed above 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.

Cash and Cash Equivalents

The Company considers cash, time deposits and other highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of cash not readily available for general purpose cash needs. Restricted cash relates to cash held at commercial banks to support credit accounts. Restricted cash serving as collateral will be released upon full repayment of the credit account.

Transaction Costs

Business Combination

Transaction costs consists 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 3. 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 nine three months ended September 30, 2023 March 31, 2023. Approximately, $9.4 million During the first quarter of 2023, approximately $782 thousand in transaction costs were paid by Intuitive Machines, LLC during the nine months ended September 30, 2023. 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.

Securities Purchase Agreement Recent Accounting Pronouncements

Transaction costs related In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to the consummation of the securities purchase agreement described further in Note 9, includes direct legal, broker, accounting and other fees. Transaction costs totaled approximately $1.4 million during the three and nine months ended September 30, 2023 charged to general and administrative expenses in our statement of operations.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is recorded at the invoiced amount and unbilled receivable, less an allowance for any potential expected uncollectible amounts and do not bear interest. The Company estimates allowance for credit losses based Income Tax Disclosures, which focuses on the credit worthiness of each customer, historical collections experience rate reconciliation and other information, including the aging of the receivables. The Company writes off accounts receivable against the allowance for credit losses when income taxes paid. ASU No. 2023-09 requires a balance is unlikely public business entity to be collected.

Prepayments and Other Current Assets

Prepaid and other current assets primarily consist of prepaid service fees, security deposits and other general prepayments.

Property and Equipment, Net

Property and equipment, net are stated at cost, less accumulated depreciation. Property and equipment which are not in service are classified as construction-in-process.

Depreciation is computed using the straight-line method over the following estimated useful lives of assets:

Asset	Useful Life
Leasehold improvements	1 – 7 years
Vehicles and trailers	3 – 5 years
Computers and software	3 years
Furniture and fixtures	5 years
Machinery and equipment	3 – 7 years

Expenditures for maintenance and repairs that do not extend the useful lives of property and equipment are recognized as expenses when incurred. Upon retirement or sale of assets, the cost and related accumulated depreciation and amortization is written off. No material gains or losses related to the sale of assets have been recognized in the accompanying condensed consolidated statements of operations.

Long-Lived Assets

Long-lived assets consist of property and equipment, net, and are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the long-lived asset may not be recoverable. Recoverability is measured by comparing the carrying value of a long-lived asset to the future undiscounted cash flows that the long-lived asset is expected to generate from use and eventual disposition. An impairment loss will be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No impairment charges were recorded for the nine months ended September 30, 2023 and 2022.

Earn-Out Liabilities

Unvested earn out units of Intuitive Machines, LLC (“Earn Out Units”) are classified as liability 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 (as defined in Note 3) 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 reclassed to shareholders' equity (deficit) on the condensed consolidated balance sheet. As of the Closing Date, the Earn Out Units had a fair value of $99.7 million. As a result of the OMES III Contract award by the National Aeronautics and Space Administration (“NASA”) in May 2023, Triggering Event I (as defined below) under the earn out agreement vested resulting in the issuance of 2,500,000 shares of Intuitive Machines Class C common stock, par value $0.0001 per share (the “Class C Common Stock”) with a fair value of approximately $19.4 million to the applicable Intuitive Machines, LLC Members resulting in a reduction to earn-out liabilities and an increase to shareholders' deficit. As of September 30, 2023, the remaining Earn Out Units had a fair value of $19.2 million, with the changes in the fair value between the Closing Date and September 30, 2023 of $61.1 million recognized as change in fair value of the earn-out liability under other income (expense) within the condensed consolidated statements of operations.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based disclose, on an assessment of the warrant's specific terms pursuant to the guidance of ASC 480, “Distinguishing Liabilities from Equity” annual basis, a tabular rate reconciliation using both percentages and ASC 815, “Derivatives currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and Hedging”. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815. This assessment is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding. Liability classified warrants are valued using a Black-Scholes-Merton model at issuance and for each reporting period when applicable.

Operating Lease Liabilities and Right-of-Use Assets

We determine whether a contract is or contains a lease when we have the right to control the use of the identified asset in exchange for consideration. Lease liabilities and right-of-use assets (“ROU assets”) are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate in the calculation of present value unless the implicit rate can be readily determined, however, none of our lease liabilities were determined using implicit rates. Certain leases include provisions for the renewal or termination. We only consider fixed payments and those options that are reasonably certain to be exercised in the determination of the lease term and the initial measurement of lease liabilities and ROU assets. Expense for operating lease payments is recognized as lease expense on a straight-line basis over the lease term. We do not separate lease and non-lease components of a contract. Operating lease ROU assets are presented within Operating lease right-of-use assets on our condensed consolidated balance sheet. See Note 6 - Leases for further disclosures and information on leases.

Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, trade payables, amounts receivable or payable to related parties and long-term debt. The carrying amount of cash and cash equivalents, trade receivables, trade payables and receivables and payables from affiliates approximates fair value because of the short-term nature of the instruments. The fair value of debt approximates its carrying value because the cost of borrowing fluctuates based upon market conditions.

We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs jurisdiction to the extent possible. We estimate fair value based on assumptions that market participants would use 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 pricing an asset or liability in this ASU prospectively by providing the principal or most advantageous market. When considering market participant assumptions in fair value measurements, revised disclosures for the following fair value hierarchy distinguishes between observable period ending December 31, 2025 and unobservable inputs, which is categorized in one of continue to provide the following levels:

- Level 1: Quoted prices pre-ASU disclosures for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and
- Level 3: Significant inputs to the valuation model are unobservable.

Redeemable Noncontrolling Interests

Noncontrolling interests represent the portion of Intuitive Machines, LLC that Intuitive Machines, Inc. controls and consolidates but does not own. The noncontrolling interests was created as a result of the Business Combination and represents 68,150,754 common units issued by Intuitive Machines, LLC to the prior investors.As of periods or may apply the Close of amendments retrospectively by providing the Business Combination, Intuitive Machines, Inc. held an 18.8% interest in Intuitive Machines, LLC, with the remaining 81.2% interest held by Intuitive Machines, LLC's prior investors. As of September 30, 2023, Intuitive Machines, Inc. held an 22.8% interest in Intuitive Machines, LLC with the remaining 77.2% interest held by the prior investors. The prior investors' interests in Intuitive Machines, LLC represents a redeemable noncontrolling interest. At its discretion, the members have the right to exchange their common units in Intuitive Machines, LLC (along with the cancellation of the paired shares of Intuitive Machines Class B common stock, par value $0.0001 per share (the "Class B Common Stock") or Class C Common Stock in Intuitive Machines) revised disclosures for either shares of Class A Common Stock on a one-to-one basis or cash proceeds of equal value at the time of redemption. Any redemption of Intuitive Machines, LLC Common Units in cash must be funded through a private or public offering of Class A Common Stock and is subject to the Board's approval. As of September 30, 2023, the prior investors of Intuitive Machines, LLC hold the majority of the voting rights on the Board.

As the redeemable noncontrolling interests are redeemable upon the occurrence of an event that is not solely within the Company's control, we classify our redeemable noncontrolling interests as temporary equity. The redeemable noncontrolling interests were initially measured at the Intuitive Machines, LLC prior investors' share in the net assets of the Company upon consummation of the Business Combination. Subsequent remeasurements of the Company's redeemable noncontrolling interests are recorded as a deemed dividend each reporting all period which reduces retained earnings, if any, or additional paid-in capital of Intuitive Machines. Remeasurements of the Company's redeemable noncontrolling interests are based on the fair value of our Class A Common Stock.

General and Administrative Expense

General, selling, and administrative expenses consist of human capital related expenses for employees involved in general corporate functions, including executive management and administration, accounting, finance, tax, legal, information technology, marketing, and human resources; rent relating to the Company's office space; professional fees and other general corporate costs. Human capital expenses primarily include salaries and benefits.

Revenue Recognition

Most of our revenue are from long-term contracts associated with the engineering services for the research, design, development, manufacturing, integration and sustainment of advanced technology aerospace systems. 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.

Contract Combination

To determine the proper revenue recognition method for contracts, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires judgment and the decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in each period. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts primarily because we provide a significant service of integrating a complex set of tasks and components into a single project or capability.

Contract Types

presented. The Company performs work under contracts that broadly consist is assessing the potential impact of fixed-price, time and materials or a combination of adopting the two. Pricing for all customers is based ASU on specific negotiations with each customer.

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.

For a small portion of our business, where we have the right to consideration from the customer in an amount that corresponds directly with the value received by the customer based on our performance to date, revenue is recognized when services are performed and contractually billable. Under the typical payment terms of our services contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., weekly, biweekly, or monthly) or upon achievement of contractual milestones.

Contract Costs

Contract costs include all direct materials, labor and subcontractor costs and an allocation of indirect costs related to contract performance. Customer-furnished materials are included in both contract revenue and cost of revenue when management concludes that the company is acting as a principal rather than as an agent. Revenue for uninstalled materials is recognized when the cost is incurred and control is transferred to the customer, which revenue is recognized using the cost-to-cost method. Certain costs associated with significant long-term service arrangements are capitalized and amortized across the life of the contract. Capitalized contract costs primarily relate to prepaid pre-launch integration and engineering services and launch services subcontracted with a third-party. Pre-launch integration and engineering services and launch services are capitalized and amortized over the term of the contract on a systematic basis that is consistent with the transfer of the goods and services to our end customer. Project mobilization costs are generally charged to the project as incurred when they are an integrated part of the performance obligation being transferred to the client. Costs to obtain a contract are expensed as incurred unless they are expected to be recovered from the customer.

Variable Consideration

It is common for our contracts to contain variable consideration in the form of award fees, incentive fees, performance bonuses, liquidated damages or penalties that may increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or targets and can be based on customer discretion. We estimate the amount of variable consideration based on a weighted probability or the most likely amount to which we expect to be entitled. Variable consideration is included in the transaction price when it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include such amounts in the transaction price are based largely on our assessment of legal enforceability, anticipated performance, and any other information (historical, current or forecasted) that is reasonably available to us.

Contract Estimates and Modifications

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 is complex and subject to many variables and requires significant judgment. As a significant change in estimated total revenue and cost could affect the profitability of our contracts, we routinely review and update our contract-related estimates through a disciplined project review process in which management reviews the progress and execution of our performance obligations and the estimate at completion. As part of this process, management reviews information including, but not limited to, outstanding contract matters, progress towards completion, program schedule and the associated changes in estimates of revenue and costs. Management must make assumptions and estimates regarding the availability and productivity of labor, the complexity of the work to be performed, the availability and cost of materials, the performance of subcontractors and the availability and timing of funding from the customer, along with other risks inherent in performing services under all contracts where we recognize revenue over time using the cost-to-cost method.

We typically recognize changes in contract estimates on a cumulative catch-up basis in the period in which the changes are identified. Such changes in contract estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior period. Changes in contract estimates may also result in the reversal of previously recognized revenue if the current estimate differs from the previous estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, we recognize the total loss in the period it is identified.

Contracts are often modified to account for changes in contract specifications and requirements. Most of our contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. We account for contract modifications prospectively when the modification results in the promise to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the stand-alone selling price of the additional goods or services included in the modification.

Unbilled Receivables and Deferred Revenue

Billing practices are governed by the contract terms of each project based upon costs incurred, achievement of milestones or predetermined schedules. Billings do not necessarily correlate with revenue recognized over time using the cost-to-cost method. Unbilled receivables (contract assets) include unbilled amounts typically resulting from revenue under long-term contracts when the cost-to-cost method of revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. Deferred revenue (contract liabilities) consists of advance payments and billings in excess of revenue recognized. Our unbilled receivables and deferred revenue are reported in a net position on a contract-by-contract basis at the end of each reporting period.

The payment terms of our contracts from time to time require the customer to make advance payments as well as interim payments as work progresses. The advance payment generally is not considered to contain a significant financing component as we expect to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation.

Income Taxes

Intuitive Machines

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. 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.

We use the asset and liability method of accounting for income taxes for the Company. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the its financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss ("NOL") and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the results of operations in the period that includes the enactment date. The realizability of deferred tax assets is evaluated quarterly based on a "more likely than not" standard and, to the extent this threshold is not met, a valuation allowance is recorded.

The Company follows the guidance of ASC Topic 740, *Income Taxes.* Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. The open tax years for the tax returns generally include 2019 through 2021 for state and federal reporting purposes.

Tax Receivable Agreement statements.

In conjunction with November 2023, the consummation 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 Transactions, Intuitive Machines, Inc. entered into a Tax Receivable Agreement (the "TRA") with Intuitive Machines, LLC and certain Intuitive Machines, LLC members (the "TRA Holders"). Pursuant to the TRA, Intuitive Machines, Inc. Chief Operating Decision Maker. The new standard 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 Intuitive Machines, Inc. effective for fiscal years beginning after December 15, 2023, and not that of Intuitive Machines, LLC. As of September 30, 2023 interim periods within fiscal years beginning after December 15, 2024, there have been no exchanges of Intuitive Machines, LLC units for Class with early adoption permitted. A Common Stock of Intuitive Machines, Inc. and, accordingly, no TRA liabilities currently exist.

See Note 3 - Business Combination and Related Transactions for further description of public entity should apply the TRA.

Earnings (Loss) Per Share ("EPS")

amendments in this ASU retrospectively to all prior periods presented in the financial statements. The Company reports both basic and diluted earnings per share. Basic earnings per share is calculated based assessing the potential impact of adopting the ASU on the weighted average number of shares of Class A Common Stock outstanding and excludes the dilutive effect of warrants, stock options, and other types of convertible securities. Diluted earnings per share is calculated based on the weighted average number of shares of Class A Common Stock outstanding and the dilutive effect of stock options, warrants and other types of convertible securities are included in the calculation. Dilutive securities are excluded from the diluted earnings per share calculation if their effect is anti-dilutive, such as in periods where a net loss has been reported.

Prior to the Business Combination, the membership structure of Intuitive Machines, LLC included membership units. In conjunction with the closing of the Business Combination, the Company effectuated a recapitalization whereby all membership units were converted to common units of Intuitive Machines, LLC, and Intuitive Machines, Inc. implemented a revised class structure including Class A Common Stock having one vote per share and economic rights, Class B Common Stock having one vote per share and no economic rights, and Class C Common Stock having three votes per share and no economic rights. The Company has determined that the calculation of loss per unit for periods prior to the Business Combination would not be meaningful to the users of these condensed consolidated its financial statements. As a result, loss per share information has not been presented for periods prior to the Business Combination on February 13, 2023.

Share-Based Compensation

We recognize all share-based awards to employees and directors as share-based compensation expense based upon their fair values on the date of grant.

We estimate the fair value of share-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense during the requisite service periods. We have estimated the fair value for each option award as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of our share price. We recognize the share-based compensation expense over the requisite service period using the straight-line method for service condition only awards, which is generally a vesting term of five years. Forfeitures are accounted for in the period in which they occur and reverses any previously recognized compensation cost associated with forfeited awards.

Other Current Liabilities

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, other current liabilities consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Financing obligation, current (see Note 6 - Leases)	$ —	$ 9,117
Payroll accruals	6,159	2,117
Income tax payable	265	—
Professional fees accruals	971	3,677
Other accrued liabilities	6,867	267
Other current liabilities	$ 14,262	$ 15,178

NOTE 3 - BUSINESS COMBINATION AND RELATED TRANSACTIONS

On February 13, 2023 as contemplated by the Business Combination Agreement, Intuitive Machines, Inc. and Intuitive Machines, LLC consummated the Business Combination, whereby: (i) Intuitive Machines, LLC appointed Intuitive Machines, Inc. as its managing member; (ii) Intuitive Machines, Inc. issued to certain existing members of Intuitive Machines, LLC, 10,566 shares of Intuitive Machines Class B Common Stock having one vote per share and no economic rights, or 68,140,188 shares of Class C Common Stock having three votes per share and no economic rights, in each case, in exchange for payment from such Intuitive Machines, LLC members of a per-share price equal to the par value per share of such stock, and equal to the number of Intuitive Machines, LLC Common Units held by such person as of and on the Closing Date; (iii) Intuitive Machines, Inc. contributed to Intuitive Machines, LLC an amount in cash of $8.1 million, net of transaction costs, in exchange for certain units in Intuitive Machines, LLC; and (iv) the Transactions were consummated as further described below.

Intuitive Machines, LLC Conversion and Recapitalization

In connection with the Business Combination, Intuitive Machines, LLC changed its jurisdiction of organization from Texas to Delaware. Immediately prior to the closing of the Business Combination, Intuitive Machines, LLC effectuated the recapitalization whereby all outstanding equity securities of Intuitive Machines, LLC were converted into Common Units of Intuitive Machines, LLC (“Intuitive Machines, LLC Common Units”), options to purchase Intuitive Machines, LLC common units (“Intuitive Machines, LLC options”) and unvested Earn Out Units of Intuitive Machines, LLC.

Consideration and Structure

As a result of the Up-C structure, the Business Combination consideration received by Intuitive Machines, LLC members consisted of securities of both Intuitive Machines, LLC having economic rights but not voting rights and Intuitive Machines, Inc. having voting rights but not economic rights equal to a value of approximately $700.0 million. In particular, the Business Combination consideration received by the Intuitive Machines, LLC members comprised of an aggregate of (a) (i) 68,155,203 Intuitive Machines, LLC Common Units, (ii) 1,874,719 Intuitive Machines, LLC Options and (iii) 10,000,000 Earn Out Units and (b) (i) 15,015 shares of Class B Common Stock (excluding 1,873,307 shares of Class B Common Stock reserved for issuance upon exercise of Intuitive Machines, LLC Options) and (ii) 68,140,188 shares of Class C Common Stock (excluding 10,000,000 shares of Class C Common Stock reserved for issuance upon vesting of the Earn Out Units).

	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

The 10,000,000 Earn Out Units received by the applicable Intuitive Machines, LLC Members are subject to vesting and will be earned, released and delivered upon satisfaction of the following milestones (each, a “Triggering Event”): (i) 2,500,000 Earn Out Units will vest if, during the Earn Out Period (as defined below), Intuitive Machines is awarded the OMES III Contract by NASA (“Triggering Event I”), (ii) 5,000,000 Earn Out Units will vest if, within the Earn Out Period, Triggering Event I occurs and the volume weighted average closing sale price of the Class A Common Stock equals or exceeds $15.00 per share (“Triggering Event II-A”), (iii) 7,500,000 Earn Out Units will vest if, within the Earn Out Period, Triggering Event I has not occurred and the volume weighted average closing sale price of the Class A Common Stock equals or exceeds $15.00 per share (“Triggering Event II-B”), and (iv) 2,500,000 Earn Out Units will vest if, within the Earn Out Period, Triggering Event III occurs the volume weighted average closing sale price of the Class A Common Stock equals or exceeds $17.50 per share (“Triggering Event III”), provided, that Triggering Event II-A and Triggering Event II-B may not both be achieved. “Earn Out Period” means (i) with respect to Triggering Event I, the time period beginning on September 16, 2022 and ending at 11:59 pm ET on December 31, 2023, and (ii) with respect to Triggering Event II-A, Triggering Event II-B and Triggering Event III, the time period beginning on the date that is 150 days following the Closing Date and ending on the date that is the five (5) year anniversary of the Closing Date. If a Change of Control (as defined in the Business Combination Agreement) occurs during the Earn Out Period that results in the holders of the Class A Common Stock receiving a per share price greater than or equal to $15.00 or $17.50, respectively, then immediately prior to the consummation of such Change of Control, to the extent not previously triggered, then Triggering Event II-A or Triggering Event II-B will be deemed to have occurred, as applicable, and the applicable Earn Out Units shall vest.

Upon the vesting of any Earn Out Units, each of the applicable 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. See Note 2 for further discussion of Triggering Event I which vested upon the OMES III award by NASA in May 2023.

After the expiration of the applicable lock-up period on August 14, 2023, holders of certain Intuitive Machines, LLC Common Units will be permitted to exchange such Intuitive Machines, LLC Common Units (along with the cancellation of the paired share of Class B Common Stock or share of Class C Common Stock) for shares of Class A Common Stock on a one-for-one basis pursuant to the second amended and restated limited liability company agreement of Intuitive Machines, LLC (the “Second A&R Operating Agreement”) (subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications) or, at the election of Intuitive Machines, Inc. (determined by a majority of the directors of Intuitive Machines, Inc. who are disinterested with respect to such determination), cash from a substantially concurrent public offering or private sale in an amount equal to the net amount, on a per share basis, of cash received as a result of such public offering or private sale.

The Series A Investment

On September 16, 2022, concurrently with the execution of the Business Combination Agreement, Intuitive Machines, Inc. entered into the Series A Purchase Agreement with Kingstown 1740 Fund, LP (an existing security holder of Intuitive Machines, Inc. and an affiliate of IPAX’s sponsor, Inflection Point Holdings LLC (the “Sponsor”) and Ghaffarian Enterprises, LLC (an affiliate of Kamal Ghaffarian, an Intuitive Machines, LLC founder) (collectively, the “Series A Investors”), pursuant to which, and on the terms and subject to the conditions of which, Intuitive Machines, Inc. agreed to issue and sell to the Series A Investors (i) an aggregate of 26,000 shares of 10% Series A Cumulative Convertible Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”) which will be convertible into shares of Class A Common Stock in accordance with the terms of the Certificate of Designation of Preferences, Rights and Limitations of 10% Series A Cumulative Convertible Preferred Stock (the “Certificate of Designation”) and (ii) warrants to purchase 541,667 shares of Class A Common Stock at an initial exercise price of $15.00 per share, subject to adjustment (the “Preferred Investor Warrants”).

In conjunction with the closing of the Business Combination, the Company received proceeds of $26.0 million and issued 26,000 shares of Series A Preferred Stock and 541,667 Preferred Investor Warrants. The Series A Preferred Stock and Preferred Investor Warrants each represent freestanding financial instruments. The Series A Preferred Stock is not a mandatorily redeemable financial instrument and is redeemable at the option of the Series A Investors. The Series A Preferred Stock was recorded as Series A preferred stock subject to possible redemption and classified as temporary equity pursuant to ASC 480-10-S99. The Preferred Investor Warrants were classified as equity. The $26.0 million in proceeds received were allocated to the Series A Preferred Stock and Preferred Investor Warrants based on the relative fair value of the instruments at closing.

Tax Receivable Agreement

Intuitive Machines, Inc. entered into the TRA with Intuitive Machines, LLC and the TRA Holders at closing of the Business Combination. Pursuant to the TRA, Intuitive Machines, Inc. will generally be required to pay the TRA Holders 85% of the amount of the cash tax savings, if any, in U.S. federal, state, and local taxes that are based on, or measured with respect to, net income or profits, and any interest related thereto that Intuitive Machines, Inc. (and applicable consolidated, unitary, or combined subsidiaries thereof, if any realizes, or is deemed to realize, as a result of certain tax attributes (the “Tax Attributes”), including:

- existing tax basis in certain assets of Intuitive Machines, LLC and certain of its direct or indirect subsidiaries, including assets that will eventually be subject to depreciation or amortization, once placed in service;
- tax basis adjustments resulting from taxable exchanges of Intuitive Machines, LLC Common Units (including any such adjustments resulting from certain payments made by Intuitive Machines, Inc. under the TRA) acquired by Intuitive Machines, Inc. from a TRA Holder pursuant to the terms of the Second A&R Operating Agreement;
- certain tax benefits realized by Intuitive Machines, Inc. as a result of certain U.S. federal income tax allocations of taxable income or gain away from Intuitive Machines, Inc. and to other members of Intuitive Machines, LLC and deductions or losses to Intuitive Machines, Inc. and away from other members of Intuitive Machines, LLC, in each case as a result of the Business Combination; and
- tax deductions in respect of portions of certain payments made under the TRA.

Under the terms of the TRA, Intuitive Machines, Inc. will make payments to the TRA Holders in respect of 85% of the cash tax savings resulting from the net tax benefit of certain Tax Attributes. However, until a TRA Holder exchanges at least 5% of its Intuitive Machines, LLC Common Units, Intuitive Machines, Inc. will hold such payments applicable to existing basis until the TRA Holder satisfies such threshold exchange. As of September 30, 2023, no TRA Holder had exchanged at least 5% of its Intuitive Machines, LLC Common Units. Future exchanges will result in incremental tax attributes and potential cash tax savings for Intuitive Machines, Inc. Depending on Intuitive Machines’ assessment on realizability of such Tax Attributes, the arising TRA liability will be recorded through income.

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 September 30, 2023, none of the Commitment Shares have been sold by CFPI and the Company has recorded a liability of approximately $650 thousand, reflected in other current liabilities in our condensed consolidated balance sheets as of September 30, 2023, representing the difference between $1.0 million and the fair value of the Commitment Shares.

As of September 30, 2023, no shares of Class A Common Stock have been sold to CFPI under the Cantor Purchase Agreement.

Forward Purchase Agreements

Prior to the closing of Business Combination, the Company entered into forward purchase agreements with two separate counterparties pursuant to which each counterparty agreed to purchase 1,250,000 shares of Class A Common Stock from shareholders who had previously tendered such shares for redemption but agreed to reverse their redemption and sell such shares to the counterparties at the redemption price of approximately $10.19 per share. The Company prepaid approximately $25.5 million to the counterparties at the closing of the Business Combination to secure its purchase obligation to repurchase the 2,500,000 shares of Class A Common Stock at the redemption price per share on the option expiration date that was one month after closing of the Business Combination. The forward purchase agreements were accounted for as a prepaid asset and marked to fair value through earnings each period until the agreements were terminated or expired. The Company paid transaction fees to the counterparties totaling $750 thousand which was recorded as general and administrative expense during the first quarter of 2023.

On February 23, 2023, one of the counterparties exercised their right to optional early termination of the forward purchase agreement for 1,250,000 shares of Class A Common Stock and returned approximately $12.7 million in cash to the Company resulting in an immaterial net loss on termination during the first quarter of 2023. On March 8, 2023, the remaining forward purchase agreement expired resulting in the Company's repurchase of 1,250,000 shares of Class A Common Stock resulting in a net gain on settlement of the agreement of approximately $93 thousand recorded in other income (expense) during the first quarter of 2023. The repurchased shares of Class A Common Stock were recorded as treasury stock upon expiration of the forward purchase agreement in the amount of $12.8 million based on a stock price of $10.26 per share on the date of repurchase.

NOTE 4 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 and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Revenue by Contract Type								
Fixed price	$10,259	81 %	$ 9,250	90 %	$42,803	87 %	$43,802	91 %
Time and materials	2,472	19 %	1,021	10 %	6,157	13 %	4,157	9 %
Total	$12,731	100 %	$10,271	100 %	$48,960	100 %	$47,959	100 %

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

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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Contract Assets	**Contract Assets**				
Unbilled receivables					
Unbilled receivables					
Unbilled receivables					
Deferred contract costs	Deferred contract costs	$ 549	$ 6,633		
Unbilled receivables		1,456	346		
Total	**Total**	$ 2,005	$ 6,979		

Amortization expense associated with deferred contract costs for subcontracted launch services was recorded in cost of revenue and was $7.1 million $4.7 million and $25.1 million, respectively, $9.9 million for the three and nine months ended September 30, 2023 March 31, 2024 and $11.3 million and $33.2 million, respectively, for the three and nine months ended September 30, 2022. 2023, respectively.

The following table presents contract liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Contract liabilities – current	**Contract liabilities – current**				
Contract liabilities – current					
Contract liabilities – current					
Deferred revenue					
Deferred revenue					
Deferred revenue	Deferred revenue	$ 28,281	$ 39,831		
Contract loss provision	Contract loss provision	12,617	10,120		
Accrued launch costs	Accrued launch costs	8,781	6,705		
Total contract liabilities – current	Total contract liabilities – current	49,679	56,656		

Contract liabilities – long-term	**Contract liabilities – long-term**		
Contract loss provision	Contract loss provision	566	2,188
Contract loss provision			
Contract loss provision			
Total contract liabilities – long-term	Total contract liabilities – long-term	566	2,188
Total contract liabilities	**Total contract liabilities**	$ 50,245	$58,844

Revenue recognized from amounts included in contract liabilities at the beginning of the period was $33.4 million $7.2 million and $24.6 million $15.8 million during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 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 $15.6 million $(8.2) million and $29.2 million, respectively, $6.7 million for the three and nine months ended September 30, 2023, March 31, 2024 and $4.5 million and $6.9 million, respectively, for the three and nine months ended September 30, 2022. 2023, respectively.

As of September 30, 2023 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. Variable The contract was successfully completed in February 2024. As a result of the successful mission, previously constrained variable consideration has been constrained to $0 from a total potential amount of $8.1 million. $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 nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, changes in estimated contract costs resulted in an additional $9.4 million (favorable) and $9.3 million unfavorable changes of $(6.7) million and $5.4 million contract loss, respectively. As of September 30, 2023, and 2022, this contract was approximately 98% complete and 92% complete, respectively. The contract is anticipated to be 100% complete as of February 29, 2024. As of September 30, 2023 and December 31, 2022 December 31, 2023, the contract loss provision recorded in contract liabilities, current in our condensed consolidated balance sheets was $0.4 million and $0.4 million, respectively. $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 $7.8 million $9.4 million. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, changes in estimated contract costs resulted in an additional $5.9 million $1.1 million and a reduction of $(6.4) million $0.2 million in contract loss, respectively. As of September 30, 2023 March 31, 2024, and 2022, 2023, this contract was approximately 55% 59% complete and 25% 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 after that date. in 2025 as a result of ongoing discussions with the customer and pending modifications to the contract. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the contract loss provision recorded in contract liabilities, current was $8.7 million $5.3 million and $7.7 million $7.4 million, respectively, and $0.6 million $3.6 million and $2.2 million, 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 $8.4 million $13.0 million. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, changes in estimated contract costs resulted in an additional $12.3 million (favorable) and $3.5 million unfavorable changes of $(1.9) million and $0.9 million contract loss, respectively. As of September 30, 2023 March 31, 2024 this contract was approximately 82% 85% complete. This The period of performance for this contract is anticipated 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 be 100% complete as of June 30, 2024. the contract. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the

contract loss provision recorded in contract liabilities, current in our condensed consolidated balance sheets was $3.3 million $2.5 million and $1.9 million $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 September 30, 2023 March 31, 2024, the aggregate amount of the transaction price allocated to remaining fixed price performance obligations was $69.1 million $65.8 million. The Company expects to recognize revenue on approximately 25-30% 50-55% of the remaining performance obligations over the next 3 9 months, 65-70% 40-45% in 2024 2025 and the remaining thereafter. Remaining performance obligations do not include variable consideration that was determined to be constrained as of September 30, 2023 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 5 4 - PROPERTY AND EQUIPMENT, NET

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, property and equipment, net consisted of the following (in thousands):

March 31, 2024		March 31, 2024	December 31, 2023
		September 30, 2023	December 31, 2022
Leasehold improvements		$ 1,544	$ 1,544
Vehicles and trailers			
Vehicles and trailers			
Vehicles and trailers	Vehicles and trailers	129	129
Computers and software	Computers and software	2,210	1,673
Furniture and fixtures	Furniture and fixtures	835	794
Machinery and equipment	Machinery and equipment	2,412	2,211
Construction in progress	Construction in progress	14,234	17,747
Property and equipment, gross	Property and equipment, gross	21,364	24,098
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(3,861)	(2,922)
Property and equipment, net	Property and equipment, net	$ 17,503	$ 21,176

Total depreciation expense related to property and equipment for the three and nine months ended September 30, 2023 was $329 $414 thousand and $944 thousand, respectively, and $276 thousand and $783 $296 thousand for the three and nine months ended September 30, 2022, March 31, 2024 and 2023, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company pledged property and equipment with net book value of approximately $16.7 million $19.5 million and $20.3 $18.3 million, respectively, as security for its Credit Mobilization Facility (as defined below) in Note 5) with Live Oak Banking Company.

As of September 30, 2023 March 31, 2024, construction in progress includes construction costs of $12.1 million $14.7 million associated with the fabrication of a commercial communications satellite. The Company capitalized interest in connection with construction in progress of $279 $213 thousand and $658 $173 thousand for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $62 thousand and $130 thousand for the three and nine months ended September 30, 2022, 2023, respectively.

NOTE 6 - LEASES

The Company leases real estate for office space and for administrative, research, marketing and light manufacturing operations of the lessee's aerospace related research and development business under operating leases. There are no finance leases.

The Company has eight real estate leases with lease terms ranging from 3 months to 250 months, some of which contain options to extend and some of which contain options to terminate the lease without cause at the option of lessee.

The Company's real estate leasing agreements include terms requiring the Company to reimburse the lessor for its share of real estate taxes, insurance, operating costs and utilities which the Company accounts for as variable lease costs when incurred since the Company has elected to not separate lease and non-lease components, and hence are not included in the measurement of lease liability. For the three and nine months ended September 30, 2023 and 2022, there were no significant variable lease costs. There are no restrictions or covenants imposed by any of the leases, and none of the Company's leases contain material residual value guarantees.

In September 2021, we signed a ground lease agreement for the development of a lunar operations center that will serve as a production and testing facility of lunar lander components and other aerospace related operations. The facility is near completion, and the lessor will 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. As of December 31, 2022, we had capitalized $10.3 million of construction in progress and a corresponding financing obligation of $9.1 million. 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. Upon commencement of the SEV facility portion of the lease, management determined that it qualified for sale and leaseback accounting, with the leaseback being classified as an operating lease. No gain or loss was recognized or deferred on the sale of the SEV facility, as the fair value upon completion was determined to be equal to the carrying value. As of September 30, 2023, the Company recorded right-of-use assets of $2.9 million and corresponding lease liabilities of approximately $3.2 million. As of December 31, 2022, the Company recorded right-of-use assets and corresponding lease liabilities of approximately $3.1 million.

During the third quarter of 2023, the remaining construction for the lunar operations center was near completion and we took possession of the entire facility. Upon commencement of the lease, we determined that the lunar operations center qualified for sale and leaseback accounting, with the leaseback being classified as an operating lease. No gain or loss was recognized or deferred on the sale of the lunar operations center, as the fair value upon commencement was determined to be equal to the carrying value. As of the lease commencement date, we derecognized approximately $30.4 million of construction in progress and the corresponding financing obligation of $30.4 million associated with capitalized construction costs of the lunar operations center and related reimbursements received from the lessor. We recognized operating lease right-of-use assets of $32.3 million and operating lease liabilities of $26.7 million as of the lease commencement date, which includes $5.6 million of reimbursable costs to be received from the lessor. In addition, we have approximately $10.1 million of contractual obligations to complete construction of the asset, of which $5.6 million is expected to be reimbursed by the lessor recorded as other current liabilities and $4.5 million to be funded from available cash recorded as current operating lease liabilities.

The components of total lease expense are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	$ 234	$ 184	$ 690	$ 456
Short-term lease cost	—	—	145	—
Total lease cost	$ 234	$ 184	$ 835	$ 456

The components of supplemental cash flow information related to operating leases are as follows (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 634	$ 574
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 32,285	$ —
Weighted average remaining lease term - operating leases (months)	229	46
Weighted average discount rate - operating leases	6.1 %	5.9 %

The operating lease ROU assets, current operating lease liabilities and non-current operating lease liabilities are disclosed in our condensed consolidated balance sheets.

The table below includes the estimated future undiscounted cash flows for operating leases as of September 30, 2023 (in thousands):

Year Ending December 31,	Amount
Remainder of 2023	$ 547
2024	1,993
2025	1,867
2026	1,829

2027		1,366
Thereafter		58,151
Total undiscounted lease payments	$	65,753
Less: imputed interest		32,598
Present value of lease liabilities	$	33,155
Plus: construction costs to be funded by the Company		4,494
Less: reimbursable construction costs from the lessor		(5,618)
Total operating lease liabilities	$	32,031

NOTE 7 - DEBT

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

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Credit Mobilization Facility	Credit Mobilization Facility	$ 20,000	$ 20,000		
Less: deferred financing costs	Less: deferred financing costs	(18)	(39)		
Less: deferred financing costs					
Less: deferred financing costs					
Less: current maturities	Less: current maturities	(19,982)	(16,098)		
Long-term debt, net of current maturities	Long-term debt, net of current maturities	$ —	$ 3,863		

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the weighted-average interest rate on short-term borrowings outstanding was 10.10% 10.62% and 6.55% 10.20%, respectively.

Live Oak Credit Mobilization Facility

On December 12, 2019, we 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 with a due date credit mobilization facility that was paid in full as of December 12, 2022 and a $1.0 million line of credit with a due date of December 12, 2020. Both the Credit Mobilization Facility and line of credit bear interest (payable monthly) at a rate per annum equal to 6%. The Credit Mobilization Facility and line of credit are secured by substantially all of the assets of the Company. On December 8, 2020 the Company entered into a Loan Modification Agreement with Live Oak Banking Company ("Live Oak") which amended the terms of the line of credit, including decreasing the maximum principal from $1.0 million to $400 thousand, extending the maturity date from December 12, 2020 to December 10, 2021, and changing the interest rate from 6.0% to a variable interest rate at the prime rate, as published in the Wall Street Journal newspaper, plus 2.0%. On April 30, 2021, we entered into a commitment with Live Oak Banking Company which provided a $12.0 million contract mobilization credit facility with a loan maturity of November 15, 2022, which superseded the existing contract mobilization credit facility. On December 10, 2021, the line of credit expired. The Company had no balance outstanding at that time and did not renew the line of credit.

On July 14, 2022, 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 credit facility with a loan maturity of July 14, 2024 and extended the maturity date of our existing $12.0 million mobilization credit facility to November 14, 2023. The $8.0 million mobilization credit facility requires early payment of principal upon the completion of certain mission milestones. If the milestones are completed, principal payments of $4.1 million and $3.9 million would be due prior to loan maturity in 2023 and 2024, respectively. The $12.0 million mobilization credit facility requires principal payments of $8.0 million on August 15, 2023 and $4.0 million on November 14, 2023. The mobilization credit facilities bear 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%. The mobilization credit facilities require 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 $20.0 million $8.0 million outstanding under the credit mobilization facilities Credit Mobilization Facility as of September 30, 2023 March 31, 2024 and December 31, 2022 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

During the third quarter

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 2023, we considered options to modify the terms 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 Second Amended lender for the benefit of the Company. On January 10, 2024, the Company and Restated 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 Agreement with Live Oak. We received confirmation was repaid in full as a result of $10.0 million in contributions from Live Oak to defer the $8.0 million principal payment due on August 15, 2023 Guarantor under the $12.0 million mobilization credit facility pending the outcome of the loan modification. On October 31, 2023, management decided to no longer pursue loan modification and promptly paid the deferred $8.0 million principal payment. On November 3, 2023, we received a letter of good standing from Live Oak stating the Company was current on all payments due and was Bridge Loan Conversion transaction further described in full compliance with the terms and conditions of the $8.0 million and $12.0 million mobilization credit facilities under the Second Amended and Restated Loan Agreement. Note 7.

NOTE 8 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 and nine months ended September 30, 2023, March 31, 2024 and 2023, we recognized a combined U.S. federal and state expense for income taxes of $605 thousand zero and $292 thousand, respectively. For the three and nine months ended September 30, 2022 $3.2 million, we recognized a combined U.S. federal and state benefit for income taxes of $380 thousand and $25 thousand, respectively. The effective combined U.S. federal and state income tax rates were 3.9% zero and 2.7% (15.9%) for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and 3.1% and 0.1% for the 2023, respectively. For three and nine months ended September 30, 2022. For three and nine months ended September 30, 2023 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 and nine months ended September 30, 2022 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.

The Company filed Form 3115, Application for Change in Accounting Method, with the Internal Revenue Service ("IRS") to request permission to change from its impermissible method of accounting to a permissible method of accounting for the launch costs. The requested change is nonautomatic and as such requires advance consent from the IRS. As of September 30, 2022, the Company has not received affirmative written consent from the IRS.

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 September 30, 2023 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 9 7 - MEZZANINE EQUITY AND EQUITY

Business Combination Private Placement Transaction

The condensed consolidated statements of shareholders' deficit, mezzanine equity and noncontrolling interests reflect the reverse recapitalization and Business Combination as described in Note 1 - Business Description and Note 3 - Business Combination and Related Transactions. As Intuitive Machines, LLC was deemed to be the accounting acquirer in the Business Combination, all periods prior to the consummation of the Business Combination reflect the balances and activity of Intuitive Machines, LLC. The consolidated balances as of December 31, 2022 from the audited financial statements of Intuitive Machines, LLC as of that date and membership unit activity in the condensed consolidated statements of change in shareholders' deficit, as well as mezzanine and noncontrolling interests, prior to the consummation of the Business Combination have not been retroactively adjusted.

Upon consummation of the Transactions, the Company's capital stock consisted of (i) 8,243,750 shares of Class A Common Stock held by the Sponsor, (ii) 5,493,182 shares of Class A Common Stock issued to public shareholder, net of redemptions, (iii) 2,066,667 shares of Class A Common Stock issued as a result of the conversion of SAFE Agreements previously held by investors in Intuitive Machines, LLC, (iv) 10,566 shares of Class B Common Stock issued to Intuitive Machines, LLC Class B Unit holders, (v) 68,140,188 shares of Class C Common Stock issued to the Founders of Intuitive Machines, LLC, and (vi) 26,000 shares of Series A Preferred Stock issued to PIPE investors. In addition, 10,000,000 Earn Out Units were issued to the Intuitive Machines, LLC Founders representing contingently issuable shares of Class A Common Stock as further described in Note 3.

Private Placement

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 “Series “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 “Series “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 10 8 for additional information on these warrants. the Initial Series A and the Initial Series B Warrants.

Bridge Loan Conversion

On August 30, 2023 January 28, 2024, in connection with the entry into the Purchase Agreement, the Company and certain directors, officers and 5% stockholders 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 entered into lock-up agreements. Pursuant to the applicable lock-up agreement, Michael Blitzer, a member of the board of directors of the Company, agreed not to transfer shares of Company’s Class A Common Stock or any securities convertible, exchangeable or exercisable into shares of Class A Common Stock held of record as of August 30, 2023 or acquired of record thereafter from August 30, 2023 until (i) with respect to 50% of such securities, 30 days after and Conversion Warrants described further in Note 8. Following the date that the registration statement relating contribution, all amounts due to the securities that were issued and sold Lender in the Private Placement (the “Resale Registration Statement”) has been declared effective by the SEC and (ii) with respect to the remaining 50% of such securities, until 60 days after the effective date satisfaction of the Resale Registration Statement, subject, Bridge Loan were repaid in each case, to limited exceptions. The lock-up parties other than Mr. Blitzer agreed not to transfer shares of Class A Common Stock or any securities convertible, exchangeable or exercisable into shares of Class A Common Stock beneficially owned as of August 30, 2023 or with respect to which beneficial ownership is acquired thereafter from August 30, 2023 until 60 days after the effective date full.

See Note 8 for further discussion of the Resale Registration Statement, subject, in each case, to limited exceptions. The Resale Registration Statement was declared effective on September 29, 2023. Conversion Warrants.

Capital Stock

The table below reflects share information about the Company’s capital stock as of September 30, 2023 March 31, 2024.

		Par Value	Authorized	Issued	Treasury Stock	Outstanding								
	Par Value								Par Value		Authorized		Issued	
Class A Common Stock	Class A Common Stock	$0.0001	500,000,000	22,237,988	(1,250,000)	20,987,988	Class A Common Stock	$0.0001	500,000,000	500,000,000		52,496,932		(1,25
Class B Common Stock	Class B Common Stock	$0.0001	100,000,000	—	—	—	Class B Common Stock	$0.0001	100,000,000	100,000,000				
Class C Common Stock	Class C Common Stock	$0.0001	100,000,000	70,909,012	—	70,909,012	Class C Common Stock	$0.0001	100,000,000	100,000,000		70,909,012		
Series A Preferred Stock	Series A Preferred Stock	$0.0001	25,000,000	26,000	—	26,000	Series A Preferred Stock	$0.0001	25,000,000	25,000,000		5,000		
Total shares	Total shares		725,000,000	93,173,000	(1,250,000)	91,923,000	Total shares				725,000,000		123,410,944	

Class A Common Stock Equity Facility

Each holder 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 is entitled may be sold to one vote for each share of Class A Common Stock held of record in person or CFPI by proxy on all matters submitted Intuitive Machines, Inc. Pursuant to a vote the terms of the holders 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 Class A Common Stock, whether voting separately as a class or otherwise. Class A Common Stock has rights 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 economics lesser of the Company and to receive dividend distributions, subject to applicable laws and the rights and preferences (i) $50.0 million of holders of Series A Preferred Stock or any other series of stock having preference over or participation rights with Class A Common Stock. In the event of liquidation, dissolution or winding up of the affairs of Company, Class A Common Stock has rights to assets and funds of the

Company available for distribution after making provisions for preferential and other amounts to the holders of Series A Preferred Stock or any other series of stock having preference over or participation rights with Class A Common Stock.

Class B Common Stock

Each holder of Class B Common Stock is entitled to one vote for each share of Class B Common Stock held of record in person or by proxy on all matters submitted to a vote of the holders of Class B Common Stock, whether voting separately as a class or otherwise. Class B Common Stock does not have rights to the economics of the Company nor to receive dividend distributions, except in limited circumstances. In the event of liquidation, dissolution or winding up of the affairs of the Company, Class B Common Stock holders are entitled to receive par value per share only. Class B Common Stock ownership is limited only to Intuitive Machines, LLC members in an amount not to exceed at any time the aggregate number of Intuitive Machines, LLC Common Units held of record by such member.

Class C Common Stock

Each holder of Class C Common Stock is entitled to three votes for each share of Class C Common Stock held of record in person or by proxy on all matters submitted to a vote of the holders of Class C Common Stock, whether voting separately as a class or otherwise. Class C Common Stock does not have rights to the economics of the Company nor to receive dividend distributions, except in limited circumstances. In the event of liquidation, dissolution or winding up of the affairs of the Company, Class C Common Stock holders are entitled to receive par value per share only. Class C Common Stock ownership is limited only to Intuitive Machines, LLC Founders in an amount not to exceed at any time the aggregate number of Intuitive Machines, LLC Founder Common Units held of record by such founder. The Intuitive Machines, LLC Founders are Dr. Kamal Ghaffarian, Stephen J. Altemus and Dr. Timothy Crain and their permitted transferees.

Class B and C Common Stock Conversions to Class A Common Stock

After the expiration of the applicable lock-up period on August 14, 2023, holders of certain Intuitive Machines, LLC Common Units will be permitted to exchange their Intuitive Machines, LLC Common Units (along with the cancellation of the paired share of Class B Common Stock or share of Class C Common Stock) for newly issued shares of Class A Common Stock on a one-for-one basis (subject and (ii) the Exchange Cap, by delivering written notice to customary conversion rate adjustments for stock splits, stock dividends and reclassifications) or at the Company's election (determined by a majority of our directors who are disinterested with respect to such determination), cash from a substantially concurrent public offering or private sale in an amount equal CFPI prior to the net amount, commencement of trading on a per share basis, of cash received as a result of such public offering or private sale.

During any trading day, subject to certain customary conditions and limitations set forth in the third quarter of 2023, all Cantor Purchase Agreement. In connection with the execution of the previously issued shares of Class B Common Stock (and paired Intuitive Machines, LLC Common Units) were exchanged for Cantor Purchase Agreement, the Company agreed to issue 100,000 shares of Class A Common Stock on to CFPI. The Company entered into a one-for-one basis. The Intuitive Machines, LLC Common Units and shares of Class B Common Stock were subsequently cancelled.

Series A Preferred Stock (Mezzanine Equity)

The Series A Preferred Stock votes together registration rights agreement with CFPI, pursuant to which it agreed to register for resale, pursuant to Rule 415 under the Company's Common Stock on an as-converted basis, except as required by law and under certain protective provisions.Each holder of Series A Preferred Stock shall be entitled to cast Securities Act, the number of votes equal to the number of whole shares of Class A Common Stock into 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 the shares of Series A Preferred Stock are convertible. The Series A Preferred Stock pays dividends, semi-annually at the rate of 10% of the original price per share, plus the amount of was not previously accrued, but unpaid dividends, compounded semi-annually, and participates with our Common Stock on all other dividends. Accrued dividends may be paid (i) in cash, (ii) subject to satisfaction of certain equity conditions, in shares of Class A Common Stock or (iii) accumulated, compounded and added to the liquidation preference described below.

Upon any liquidation or deemed liquidation event, the holders of Series A Preferred Stock will be entitled to receive out of the available proceeds, before any distribution is made to holders of Common Stock or any other junior securities, an amount per share equal to the greater of (i) 100% of the Accrued Value (as defined recognized in the Certificate balance sheet of Designation) or (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Class A Common Stock immediately IPAX prior to the liquidation event.closing of the Business Combination.

Each share In June 2023, the Company issued 95,785 Commitment Shares to CFPI. Under the terms of Series A Preferred Stock 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 be convertible at pay CFPI the holder's option into 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 at 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 initial conversion ratio determined 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 dividing any method permitted by law deemed to be an "at the Accrued Value (as market offering" as defined in Rule 415 promulgated under the Certificate Securities Act of Designation) 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 such 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 by the conversion price of $12.00 per *share* *(Mezzanine Equity)*

subject to adjustment in accordance with the terms of the Certificate of Designation. As a result of the Private Placement discussed 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.

The In a series of notifications to the Company during February 2024, the registered holder of 21,000 shares of Series A Preferred Stock shall be redeemable at the option elected to convert all of the holder commencing any time after the 5th year anniversary of the Closing Date at a price equal to the 100% of the sum of (i) original purchase price plus (ii) all accrued/declared but unpaid dividends.

The its Series A Preferred Stock shall be redeemable holdings into Class A Common Stock at the Company's option commencing any time (A) after the 3rd year anniversary 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 Closing Date at conversion and recorded an increase to equity of approximately $23.1 million and a price equal corresponding decrease to Series A Preferred Stock in the 115% of the Accrued Value, (B) after the 4th anniversary of the Closing Date at a price equal to the 110% of the Accrued Value and (C) after the 5th anniversary of the Closing Date at a price equal to the 100% of the Accrued Value. condensed consolidated balance sheets.

Redeemable Noncontrolling Interests *(Mezzanine Equity)*

As of September 30, 2023 March 31, 2024, the prior investors of Intuitive Machines, LLC owns 77.2% 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 September 30, 2023 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.

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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 10 8 - WARRANTS AND SAFE AGREEMENTS

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 the nine three months ended September 30, 2023 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. No Public Warrants were exercised during the three months ended September 30, 2023. The Company has received cash proceeds of approximately $16.1 million as of September 30, 2023.

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 97 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 September 30, 2023 March 31, 2024, there have been no exercises of the Preferred Investor Warrants.

The 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 A Warrant B Warrant"). In consideration for the immediate and full exercise of the Initial Series B Warrant, (collectively, the "Warrants" 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 issuance of Class A Common stock at the closing of the Private Placement as discussed in Note 9, Warrant Exercise Agreement, the Company issued (i) also agreed to reduce the Series A Warrant, which is exercisable for up to 4,705,883 shares of the Company's Class A Common Stock at an exercise price of the Initial Series B Warrant from $4.75 to $2.50 per share and (ii) reduced the Series B Warrant, which is exercisable for exercise price of a warrant to purchase up to 4,705,883 shares of Class A Common Stock at an exercise price (the "Initial Series A Warrant") from $4.75 to $2.75 per share.

As a result of $4.75 per share, in each case, subject the modifications to adjustment. The the 4,705,883 Initial Series A Warrant and the 4,705,883 Initial Series B Warrant, are 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 will expire on March 5, 2029 have a term of 5.5 years and March 5, 2025, 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 condensed consolidated statement of operations.

The Conversion Series A Warrant and Conversion Series B Warrant had an initial fair value of $17.5 million $10.0 million and $9.3 million $5.5 million, respectively. The gross aggregate proceeds of $20.0 million $10.0 million from the Private Placement Letter Agreement were allocated to the Series A Warrant and Series B Warrant Conversion Warrants resulting in a loss on the transaction of approximately $6.7 million $5.5 million recognized as loss on issuance of securities in our condensed consolidated statement of operations. As of September 30, 2023 March 31, 2024, the fair value of the Conversion Series A Warrant and Conversion Series B Warrant decreased increased to approximately $12.2 million $21.8 million and $4.3 million $16.5 million, respectively, resulting in a gain loss of approximately $10.3 million $22.8 million recognized as change in fair value of warrant liabilities in our condensed consolidated statement of operations.

Each of the Warrants includes the right of the holder to exercise such warrant on a cashless basis at any time on or after March 5, 2024 if and to the extent that the shares of Class A Common Stock underlying such warrant are not registered. The Warrants do not entitle the holder to any voting rights, dividends or other rights as a shareholder of the Company prior to exercise.

As of September 30, 2023March 31, 2024, there have been no exercises of the Conversion Warrants.

SAFE Agreements

Prior to closing of the Business Combination, Intuitive Machines, LLC issued six SAFE Agreements in late 2021 and early 2022. The funds received upon issuance of the SAFE Agreements were used to fund operations. Pursuant to the guidance under ASC 480 "Distinguishing Liabilities from Equity," management determined that the SAFE Agreements should initially be recorded as liabilities at fair value and subsequently remeasured at fair value with changes recognized in earnings until conversion at a qualifying financing event or termination of the SAFE Agreements. As of December 31, 2022, the SAFE Agreements had a fair value of $18.3 million recorded as a long term liability in the condensed consolidated balance sheets.

As a result of closing of the Business Combination, the SAFE Agreements were converted into 2,066,667 shares of Class A Common Stock. At the Closing Date, the fair value of the SAFE Agreements was estimated at $20.7 million resulting in a change in fair value of SAFE Agreements of approximately $2.4 million recorded in the condensed consolidated statements of operations for the nine months ended September 30, 2023.

NOTE 119 - 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 3 - Business Combination and Related Transactions1 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 September 30, 2023March 31, 2024, Intuitive Machines, LLC was authorized to issue a total of 1,474,1501,146,245 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 ninethree months ended September 30, 2023March 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, 2022	1,865,094	$ 2.93	8.90	

	Number of Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (000's)
Outstanding as of December 31, 2023					
Granted					
Granted					
Granted	Granted	—	—		
Exercised	Exercised	(326,256)	1.80		

Exercised					
Exercised					
Forfeited	Forfeited	(64,688)	1.80		
Balance as of September 30, 2023		1,474,150	$ 3.22	7.44	$2,920,545
Exercisable as of September 30, 2023		630,649	$ 2.47	6.64	$1,423,668
Forfeited					
Forfeited					
Balance as of March 31, 2024					
Balance as of March 31, 2024					
Balance as of March 31, 2024					
Exercisable as of March 31, 2024					

Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value market price of the Company's units determined by our Board for each of the respective periods. 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, 2022 December 31, 2023	$	1.01 1.80
Granted		—
Vested		1.03 0.54
Forfeited		0.54 5.50
Non-vested as of September 30, 2023 March 31, 2024	$	1.99 1.89

Share-based compensation expense related to options was $173 $114 thousand and $658 $207 thousand for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $145 thousand and $385 thousand for the three and nine months ended September 30, 2022, 2023, respectively, and was classified in the condensed consolidated statement of operations under general and administrative expense. As of September 30, 2023 March 31, 2024, the Company had $1.0 million $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 3.68 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 September 30, 2023 March 31, 2024, the Company has issued restricted stock units ("RSUs") and performance stock units ("PSUs) as outlined in the following disclosure. disclosures. No other awards have been granted under the 2023 Plan.

Restricted Stock Units and Performance Stock Units

The Pursuant to the 2023 Plan, the Company grants RSUs with time-based vesting requirements under the 2023 Plan. These RSUs which typically vest over one to four years. years and PSUs with target performance-based vesting requirements based on continuous service. The fair value of RSUs is 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	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2022	—	$ —
	Number of Units(1)	
	Number of Units(1)	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2023		
Granted Granted	1,683,690	7.41
Vested Vested	—	—
Forfeited Forfeited	(14,165)	7.56
Balance as of September 30, 2023	1,669,525	$ 7.41
Balance as of March 31, 2024		

Share-based

(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 related to was $1.1 million for RSUs was $1.4 million and $2.1 million $2.7 million for three PSUs, and nine months ended September 30, 2023, and disclosed 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 12 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 at fair value on a recurring basis.

	September 30, 2023				
	Frequency of Measurement	Total	Level 1	Level 2	Level 3
Liabilities					
Earn-out liabilities	Recurring	$ 19,218	$ —	$ —	$ 19,218
Warrant liabilities - Series A	Recurring	12,189	—	—	12,189
Warrant liabilities - Series B	Recurring	4,282	—	—	4,282
Warrant liabilities		16,471	—	—	16,471
Total liabilities measured at fair value		$ 35,689	$ —	$ —	$ 35,689

	March 31, 2024	March 31, 2024				
	Frequency of Measurement	Frequency of Measurement	Total	Level 1	Level 2	Level 3
Liabilities						
Earn-out liabilities						
Earn-out liabilities						
Earn-out liabilities						
	December 31, 2022					
Warrant liabilities - Series A						
Warrant liabilities - Series A						

Warrant liabilities - Series A					
Warrant liabilities - Series B					
Warrant liabilities					
	Frequency of Measurement	Total	Level 1	Level 2	Level 3
Liabilities					
SAFE Agreement liabilities	Recurring	$18,314	$—	$—	$18,314
Total liabilities measured at fair value **Total liabilities measured at fair value**		$18,314	$—	$—	$18,314
Total liabilities measured at fair value					
Total liabilities measured at fair value					

	December 31, 2023				
	Frequency of Measurement	Total	Level 1	Level 2	Level 3
Liabilities					
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
Total liabilities measured at fair value		$ 25,326	$ —	$ —	$ 25,326

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	SAFE Agreement liabilities
Balance, December 31, 2022	$ —	$ —	$ —	$ —	$ 18,314
Earn-out liabilities	Earn-out liabilities	Warrant liabilities - Series A	Warrant liabilities - Series B	Total Warrant liabilities	
Balance, December 31, 2023					
Additions Additions	99,659	17,459	9,271	26,730	—
Change in fair value Change in fair value	(61,066)	(5,271)	(4,988)	(10,259)	2,353
Converted to equity Converted to equity	(19,375)	—	—	—	(20,667)
Balance, September 30, 2023	$19,218	12,188	4,282	16,471	$ —
Balance, March 31, 2024					

Earn-out Liabilities

The fair value of the earn-out liabilities as of September 30, 2023 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 $3.65; $6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.56% 4.32%; and (iv) expected volatility of 85%.

In conjunction with the closing As a result of the Business Combination, on February 13, 2023, 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 fair value vesting of any Earn Out Units, each of the earn-out liabilities was estimated at $99.7 million. The significant assumptions utilized 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 estimating the fair value exchange for surrender of the earn-out liabilities include: (i) applicable Earn Out Units and the payment to Intuitive Machines, stock Inc. of a per-share price of $10.42; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 3.93%; and (iv) expected volatility of 100%. The probability equal to the par value per share of the Company being awarded Class C Common Stock. Under the OMES III contract 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 assumed at 60%. 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 Series A Initial Warrant and the Series B Warrant liabilities as of September 30, 2023 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 $3.65; $2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.60% 3.99%; and (iv) expected volatility of 91% 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 $3.65; $2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 5.27% 4.75%; and (iv) expected volatility of 67% 85%.

In connection with During February 2024, the closing of investor also fully exercised and converted to equity the Private Placement Initial Series A Warrant. Refer to Note 8 for more information on September 5, 2023 the warrant exercises.

New Warrants

Pursuant to the Warrant Exercise Agreement on January 10, 2024 as described further in Note 9, 8, the fair values of the New Series A Warrant and the New Series B Warrant liabilities were estimated at $17.5 million $10.8 million and $9.3 million $5.7 million, respectively. 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 $4.96; $2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.37% 4.00%; and (iv) expected volatility of 90% 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 $4.96; $2.83; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 5.18% 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%.

SAFE Agreements

Prior to The fair value of the Business Combination described 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 Notes 1 and 3, estimating the fair value of the SAFE Agreements under the equity financing scenario were estimated using Conversion Series A Warrant liabilities include: (i) a Monte Carlo simulation approach. The fair value per share price of the SAFE Agreements under the liquidity event Class A Common Stock of $6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.23%; and dissolution event scenarios were estimated based on the present value (iv) expected volatility of the purchase amount.

95%. The unobservable inputs used in the fair value measurement of the Company's SAFE Agreements are the probabilities of future scenarios, volatility, discount rate and risk-free rate.

As of December 31, 2022, the probability of an equity financing was 45.0%, the probability of a liquidity event was 50.0% and the probability of a dissolution event was 5.0% As of December 31, 2022, the volatility significant assumptions utilized in the Monte Carlo simulation is 65.0%. The value under the liquidity event and dissolution event scenarios is based on the present value of the purchase amount. The present value factors are estimated based on a 18.7% discount rate based on venture capital rates of return for December 31, 2022. The periods in which the scenarios are expected to occur for the equity financing, liquidity event, and dissolution events are 0.5 year, 1 year, and 2 years, respectively as of December 31, 2022.

In conjunction with the closing of the Business Combination on February 13, 2023, estimating the fair value of the SAFE Agreements was estimated at $20.7 million. The fair value was estimated using Conversion Series B Warrant liabilities include: (i) a per share price of the 2,066,667 shares of Class A Common Stock issued to the SAFE investors at the Closing Date using the issuance price of $10.00 per share. $6.25; (ii) a dividend yield of 0.0%; (iii) a risk-free rate of 4.88%; and (iv) expected volatility of 65%.

NOTE 13 11 - NET INCOME LOSS PER SHARE

Basic net income loss per share of Class A common stock is computed by dividing net income loss attributable to Class A common shareholders for the three months ended September 30, 2023 March 31, 2024 and the period from February 13, 2023, or the Closing Date, to September 30, 2023 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.

Prior to the Business Combination, the membership structure of Intuitive Machines, LLC included membership units. In conjunction with the closing of the Business Combination, the Company effectuated a recapitalization whereby all membership units were converted to common units of Intuitive Machines, LLC and Intuitive Machines, Inc. implemented a revised class structure including Class A common stock having one vote per share and economic rights, Class B common stock having one vote per share and no economic rights, and Class C Common Stock having three votes per share and no economic rights. Shares of the Company's Class B Common Stock and Class C Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. The Company has determined that the calculation of loss per unit for periods prior to the Business Combination would not be meaningful to the users of these condensed consolidated financial statements. Therefore, net loss per share information has not been presented for periods prior to the Business Combination on February 13, 2023. The basic and diluted net income per share for the three and nine months ended September 30, 2023 represent only the period of February 13, 2023 to September 30, 2023.

The following table presents the computation of the basic and diluted income per share of Class A Common Stock for the period of February 13, 2023 (the Closing Date) to September 30, 2023 (in thousands, except share data):

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Numerator		
Net income for the period from February 13, 2023 through September 30, 2023	$ 15,096	$ 16,177
Less: Net loss attributable to redeemable noncontrolling interests for the period from February 13, 2023 through September 30, 2023	(18,555)	(37,635)
Net income for the period from February 13, 2023 through September 30, 2023 attributable to the Company	$ 33,651	53,812
Less: Cumulative preferred dividends	(674)	(1,657)
Net income for the period from February 13, 2023 through September 30, 2023 attributable to Class A common shareholders	$ 32,977	$ 52,155
Denominator		
Basic weighted-average shares of Class A common stock outstanding	17,411,217	16,294,029
RSUs and Options	1,016,390	1,342,694
Series A Preferred Stock	5,230,304	3,215,161
Warrants	2,468,334	4,112,524
Diluted weighted-average shares of Class A common stock outstanding	26,126,245	24,964,408
Net income per share of Class A common stock - basic	$ 1.89	$ 3.20
Net income per share of Class A common stock - diluted	$ 1.29	$ 2.16

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Numerator		
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)
Denominator		
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)

For The following table presents potentially dilutive securities, as of the three months ended September 30, 2023, end of the period, excluded from the computation of diluted earnings net loss per share calculation excluded the potential of Class A common stock equivalent of 22.5 million related to our Public and Private Placement Warrants and Series A Preferred Warrants, Common Stock as their effect would be anti-dilutive. For the three and nine months ended September 30, 2023, the diluted earnings per share calculation excluded the potential Class A common stock equivalent of 7.5 million related to Earn Out Units anti-dilutive or because of unsatisfied contingent issuance conditions.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
RSUs and PSUs(1)	4,416,456	—
Options(1)	1,146,245	1,835,335
Series A Preferred Stock(2)	1,861,752	2,193,973
Warrants(1)	30,773,520	23,655,962
Earn Out Units(3)	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-diultive.
(3) Represents number of Earn Out Units outstanding at the end of the period that were excluded due to unsatisfied contingent issuance conditions.

NOTE 14 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 15 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 engineering services space infrastructure development activities of $0.1 million zero and $0.2 million $0.1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $0.2 million and $1.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. As of December 31, 2022, there was $0.8 million of affiliate accounts receivable which was fully reserved. During the third quarter of 2023, the affiliate accounts receivable balance was collected March 31, 2024 and the reserve was reversed. As of September 30, 2023 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 current member Executive Chairman of management at Axiom. Revenue related to Axiom are incurred in the normal course of business and amounts are settled under normal business terms.

IBX, LLC and PTX, LLC

The Company incurred expenses with IBX, LLC (“IBX”) of $1.3 million and PTX, LLC (“IBX/PTX”) related to bid & proposal, capture management and various consulting services of $0.2 million and $0.1 million $0.5 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $0.8 million and $1.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were $1.1 million $1.6 million and $0.4 million, respectively, of affiliate accounts payable related to IBX/PTX IBX expenses. Kamal Ghaffarian IBX is a member an innovation and investment firm committed to advancing the state of Management at Intuitive Machines humanity and a member human knowledge. We rely on IBX for the provision of Management at IBX/PTX. Expenses related 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/PTX 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 capital contribution investment in one of our operating subsidiaries, Space Network Solutions, LLC resulting in a 10% ownership by KBR of Space Network Solutions which was previously a wholly owned subsidiary as of Intuitive Machines, LLC. 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 $0.9 million $0.7 million and $0.5 million $0.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, $2.3 million and $1.4 million for the nine months ended September 30, 2023 and 2022, respectively. 2023. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there was $0.7 million $0.6 million and $0.3 million $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 $0.8 million $0.2 million for the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively. As of September 30, 2023 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 is has a current member of management at Aerodyne Industries with an 20% ownership interest in Aerodyne Industries. 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were $0.2 million and $0.1 million, respectively, of 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.

Penumbra, LLC

The Company incurred expenses with Penumbra, LLC ("Penumbra") related to license fees for Kamal Ghaffarian, the three Chairman of the Board and nine months ended September 30, 2022 one of $27 thousand and $94 thousand, respectively, and incurred no expenses for the three and nine months ended September 30, 2023. Certain members co-founders of executive management at Intuitive Machines, have an ownership interest in Penumbra. Expenses related to Penumbra are incurred in LLC is the normal course Executive Chairman of business. X-Energy Reactor Company, LLC, which is the parent company of X-Energy.

NOTE 16 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 September 30, 2023 March 31, 2024 and December 31, 2023, the IX LLC JV had total no assets and total no liabilities, of $1.5 million and total assets and total liabilities of $1.3 million as of December 31, 2022, associated with project execution activities subcontracted to the IX LLC JV partners and other third parties.

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 September 30, 2023, SNS LLC had total assets of $247 thousand and total liabilities of $17 thousand.

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

As a result of the closing of the Business Combination, which wasaccounted for as a reverse recapitalization in accordance with GAAP, the financial statements of Intuitive Machines, LLC, a Delaware limited liability company and our wholly-owned subsidiary, are now the financial statements of the Company. 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 Intuitive Machines, LLC's our audited consolidated financial statements as of and for the years ended December 31, 2022 December 31, 2023 and 2021 included in the Company's Current Report on Form 8-K/A, 2022 which was filed with the Securities and Exchange Commission (the "SEC") on March 31, 2023 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 2022 2023 Annual Report on Form 10-K filed with the SEC on March 31, 2023 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 NASA 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 three two Commercial Lunar Payload Services ("CLPS") awards to date as of September 30, 2023 March 31, 2024. On February 22, 2024, Intuitive Machines' Nova-C lander is intended to become became the first U.S. vehicle to softly land on the lunar surface since 1972 and could become landed the first object to land at vehicle further south than any vehicle in the lunar South Pole in human history. The world has ever soft-landed on the Moon. Our Nova-C lander is capable of carrying up to 130 on the IM-1 mission carried approximately 100 kilograms of cargo payloads and is designed to execute executed numerous experiments and technology demonstrations to at the lunar surface under near the IM-1 mission. south pole. Our goal is for these missions to be followed up by 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, SpaceFlight, Inc., 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 Timing solutions as a result of the ongoing efforts by the United States and the People's Republic of China ("China") and NASA. 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 Infrastructure services. We are a provider and supplier of space products/infrastructure products and services that we believe will enable sustained robotic and human exploration in lunar orbit to the Moon, Mars, and on the Moon's surface. 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 products and services are offered through core technologies underpin our capabilities in four business lines: units: Lunar Access Services, Orbital Services, Lunar Data Services and Space Products and Infrastructure. Under ASC 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. We currently have three 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 cargo loads, ferrying payloads, shuttling numerous experiments 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.

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 comprised of a mission control center, six 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.

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.

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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

Business Combination and Related Warrant Transactions

The Company was formerly known as Inflection Point Acquisition Corp. (“IPAX”), which 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 (the “Nasdaq”). On September 16, 2022, IPAX entered into that certain Business Combination Agreement by and between IPAX and Intuitive Machines, LLC.

On February 13, 2023, Intuitive Machines, LLC consummated the previously announced Business Combination and other related transactions as further described in Note 1 - Business Description and Note 3 - Business Combination and Related Transactions to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report. The Business Combination was accounted for akin to a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). The Business Combination and other related transactions had several significant impacts on our reported financial position and results, as a consequence of the reverse recapitalization treatment.

Private Placement

On September 5, 2023 January 10, 2024, the Company consummated entered into a securities purchase agreement (the “Purchase Agreement”) Warrant Exercise Agreement with Armistice Capital Master Fund Ltd (the “Purchaser”) pursuant an existing investor to which exercise in full 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 and (ii) an accompanying (a) warrant 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 (the “Series A Warrant”) at an exercise price of $4.75 per share and (b) warrant Purchase Warrant to purchase up to an aggregate of 4,705,883 shares of Class A Common Stock (the “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 Series A Warrant and the Series B Warrant are immediately exercisable and will expire on March 5, 2029 and March 5, 2025, respectively.

After giving effect to the Business Combination, the Private Placement and other related transactions, there are currently (i) 20,987,988 shares of Class A Common Stock issued and outstanding, (ii) 0 shares of Class B Common Stock issued and outstanding, (iii) 70,909,012 shares of Class C Common Stock issued and outstanding, and (iv) 26,000 shares of Series A Preferred Stock issued and outstanding. The shares of Class B Common Stock and Class C Common Stock do not have any economic value but entitle the holder thereof to one and three votes per share, respectively. The Company also has outstanding a total of 21,930,394 Public Warrants and Private Warrants to purchase one share of Class A Common Stock with an exercise price of $11.50 $2.75 per share and 9,411,766 a term of 5.5 years (the “New Series A Warrants Warrant”) and (ii) a new unregistered Series B Warrants Common Stock Purchase Warrant to purchase one share up to an aggregate of the Company’s 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 also issued 541,667 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 Investor Warrants Stock Conversion

As a result of the Warrant Exercise Agreement on January 10, 2024 in conjunction with the issuance 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 purchase an aggregate 706,522 $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 with an exercise price of $11.50 per share. The Class A Common Stock, and the Public Warrants and Private Warrants trade on the Nasdaq under the symbols, "LUNR" and "LUNRW", respectively. 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 2022 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 2023 2024 and beyond. We completed our first mission in February 2024 and we are on track to complete our first mission in early 2024 and the two additional funded missions to follow 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 3 2 launches as of September 30, 2023 March 31, 2024, we have $135.2 million $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 2023, 2024, the U.S. federal government increased its space exploration and development budget for NASA by approximately 18.1% 15.8%, or $3.9 billion $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. Cost of revenue also includes charges to write-down the carrying value of inventory when it exceeds its estimated net realizable value, including on-hand inventory that is either obsolete or in excess of forecasted demand. 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 income (expense), 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 reclassed to stockholders' equity (deficit) on the condensed consolidated balance sheet. As See Note 10 of the Closing Date, the Earn Out Units had a fair value of $99.7 million. As of September 30, 2023, the Earn Out Units had a fair value of $19.2 million, with the changes in the fair value between the Closing Date and September 30, 2023 of $61.1 million recognized as change in fair value of the earn-out liability under other income (expense) within the condensed consolidated financial statements of operations. As of September 30, 2023, in connection with the OMES III contract award, Triggering Event I under the Earn Out Units vested resulting in the release of 2,500,000 shares of Class C Common Stock to the applicable Intuitive Machines, LLC Members resulting in a $19.4 million reduction to for additional information on the earn-out liabilities and increase to shareholders' deficit. liabilities.

Change in fair value of warrant liabilities

In connection with the closing of the Private Placement and Warrant Exercise Agreement, the Company has issued the Series A Warrant and the Series B Warrant (the "Warrants") warrants which are classified as liabilities on our balance sheet. At each period end, the Warrants 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. As See Notes 8 and 10 of the closing of the Private Placement, the Warrants had a fair value of $26.7 million. As of September 30, 2023, the Warrants had a fair value of $16.5 million, with the change in the fair value between the closing of the Private Placement and September 30, 2023 of $10.2 million recognized as change in fair value of the warrant liabilities under other income (expense) within the condensed consolidated financial statements of operations.

Change in fair value of SAFE Agreements

We had received $17.3 million in cash related to SAFE Agreements through for additional information on the first quarter of 2022. The SAFE Agreements were executed from September 2021 through February 2022. One SAFE Agreement was executed in December 2021 with minority shareholders in Intuitive Aviation in a non-cash exchange for their 10% noncontrolling interest in that entity with a fair value of $1.5 million. Proceeds from the SAFE Agreements were used to fund operations and purchase the initial cislunar communications satellite.

Pursuant to the guidance under ASC 480, we determined that the SAFE Agreements should be recorded as liabilities on our balance sheet and should be initially and subsequently measured at fair value with the changes in fair value recognized in earnings. Upon the consummation of the Business Combination, the SAFE Agreements liability was eliminated and converted into shares of our Class A Common Stock. warrant liabilities.

Loss on issuance of securities

The Series A Warrant and the Series B Warrant issued in In connection with the Private Placement had an initial fair value of $17.5 million and $9.3 million, respectively. The gross aggregate proceeds of $20.0 million from the Private Placement were allocated Warrant Exercise Agreement, as discussed in Notes 8 and 10 to the Series A Warrant condensed consolidated financial statements, the Company issued warrants and the Series B Warrant resulting in recognized a loss on the transaction issuance as the fair value of approximately $6.7 million 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 as loss in earnings in other income (expense) on issuance of securities in our condensed the consolidated statement of operations.

Other income, (expense), net

Other income, net primarily consists of immaterial miscellaneous income sources such as insurance proceeds from stolen equipment. sources.

Income tax (expense) benefit 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

Noncontrolling 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 period from periods February 13, 2023 to September 30, 2023 forward and resulted in the allocation of approximately 77.2% 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 September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022, and for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 March 31, 2023.

		Three Months Ended September 30,			**Nine Months Ended September 30,**		
		Three Months Ended March 31,		**$ Change**			**$ Change**
		Three Months Ended March 31,					
		Three Months Ended March 31,					
(in thousands)							
(in thousands)							
(in thousands)	**(in thousands)**	**2023**	**2022**		**2023**	**2022**	
Revenue	**Revenue**	$ 12,731	$ 10,271	**$ Change**	$ 48,960	$ 47,959	**$ Change**
Revenue							
Revenue							
Operating expenses:							
Operating expenses:							
Operating expenses:	**Operating expenses:**						
Cost of revenue (excluding depreciation)	Cost of revenue (excluding depreciation)	25,768	17,285	8,483	71,375	54,688	16,687
Cost of revenue (excluding depreciation)							
Cost of revenue (excluding depreciation)							
Depreciation							
Depreciation							
Depreciation	Depreciation	329	276	53	944	783	161
General and administrative expense (excluding depreciation)	General and administrative expense (excluding depreciation)	9,853	4,507	5,346	27,006	11,004	16,002
General and administrative expense (excluding depreciation)							
General and administrative expense (excluding depreciation)							
Total operating expenses							
Total operating expenses							
Total operating expenses	**Total operating expenses**	35,950	22,068	13,882	99,325	66,475	32,850
Operating loss	**Operating loss**	(23,219)	(11,797)	(11,422)	(50,365)	(18,516)	(31,849)

Other income (expense), net:							
Operating loss							
Operating loss							
Other expense, net:							
Other expense, net:							
Other expense, net:							
Interest expense, net							
Interest expense, net							
Interest expense, net	Interest expense, net	(228)	(270)	42	(781)	(523)	(258)
Change in fair value of earn-out liabilities	Change in fair value of earn-out liabilities	36,036	—	36,036	61,066	—	61,066
Change in fair value of earn-out liabilities							
Change in fair value of earn-out liabilities							
Change in fair value of warrant liabilities							
Change in fair value of warrant liabilities							
Change in fair value of warrant liabilities	Change in fair value of warrant liabilities	10,259	—	10,259	10,259	—	10,259
Change in fair value of SAFE Agreements	Change in fair value of SAFE Agreements	—	(255)	255	(2,353)	181	(2,534)
Change in fair value of SAFE Agreements							
Change in fair value of SAFE Agreements							
Loss on issuance of securities	Loss on issuance of securities	(6,729)	—	(6,729)	(6,729)	—	(6,729)
Other income (expense), net		(418)	10	(428)	(379)	5	(384)
Total other income (expense), net		38,920	(515)	39,435	61,083	(337)	61,420
Income (loss) before income taxes		15,701	(12,312)	28,013	10,718	(18,853)	29,571
Income tax (expense) benefit		(605)	380	(985)	(292)	25	(317)
Net income (loss)		15,096	(11,932)	27,028	10,426	(18,828)	29,254
Loss on issuance of securities							
Loss on issuance of securities							
Other income, net							
Other income, net							
Other income, net							
Total other expense, net							
Total other expense, net							
Total other expense, net							
Loss before income taxes							
Loss before income taxes							
Loss before income taxes							
Income tax expense							
Income tax expense							
Income tax expense							
Net loss							
Net loss							
Net loss							

Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	Net loss attributable to Intuitive Machines, LLC prior to the Business Combination	—	(11,932)	11,932	(5,751)	(18,828)	13,077
Net income for the period February 13, 2023 through September 30, 2023		15,096	—	15,096	16,177	—	16,177
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination							
Net loss attributable to Intuitive Machines, LLC prior to the Business Combination							
Net loss (post Business Combination)							
Net loss (post Business Combination)							
Net loss (post Business Combination)							
Net loss attributable to redeemable noncontrolling interest	Net loss attributable to redeemable noncontrolling interest	(18,555)	—	(18,555)	(37,635)	—	(37,635)
Net income attributable to the Company		33,651	—	33,651	53,812	—	53,812
Less: Cumulative preferred dividends		(674)	—	(674)	(1,657)	—	(1,657)
Net income attributable to Class A common shareholders		$ 32,977	$ —	$ 32,977	$ 52,155	$ —	$ 52,155
Net loss attributable to redeemable noncontrolling interest							
Net loss attributable to redeemable noncontrolling interest							
Net income attributable to noncontrolling interest							
Net income attributable to noncontrolling interest							
Net income attributable to noncontrolling interest							
Net loss attributable to the Company							
Net loss attributable to the Company							
Net loss attributable to the Company							
Less: Preferred dividends							
Less: Preferred dividends							
Less: Preferred dividends							
Net loss attributable to Class A common shareholders							
Net loss attributable to Class A common shareholders							
Net loss attributable to Class A common shareholders							

Revenue

Revenue for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 was primarily driven by NASA and under the other commercial payload contracts associated with the IM-1, IM-2 and IM-3 missions. 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 (estimated contract revenue and contract revenue excludes variable consideration that is constrained): operations:

- The NASA payload contract for the IM-1 mission was awarded in June 2019 with an initial targeted mission launch date and was completed in March 2022 February 2024. Total 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 estimated contract revenue under NASA and other commercial fixed-priced contracts was $120.1 million to $132.3 million as of September 30, 2023 March 31, 2024. As of September 30, 2022 March 31, 2023, total IM-1 mission estimated contract revenues were approximately $94.8 million $117.9 million. During the third quarter of 2022, the targeted mission launch date was revised from December 2022 to March 2023. During the fourth quarter of 2022, we received a modification on the IM-1 NASA payload contract selecting the lunar South Pole as the new

  target landing site which resulted in an increase in IM-1 mission estimated contract revenue of approximately $25.4 million. In April 2023, we received an additional modification from NASA to change the targeted landing site within the South Pole extending the targeted mission launch date to no later than February 2024.

- 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 $106.6 million $122.3 million (excluding constrained revenue of $13.5 million) as of September 30, 2023 March 31, 2024 as a result compared to $102.2 million as of a new commercial payload and two new commercial rideshare contracts awarded March 31, 2023. The increase in the third quarter of 2022 with estimated revenues totaling approximately $4.5 million. Additionally, one of our commercial rideshare customers opted to re-manifest its payload from the IM-2 mission to the IM-3 mission resulting in a decrease to estimated contract revenues of approximately $4.5 million on the IM-2 mission. As of September 30, 2022, total IM-2 mission estimated contract revenues were approximately $103.1 million. The IM-2 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 run through June of IM-2 to late 2024 under our current contract with NASA. 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 $76.4 million $87.0 million (excluding constrained revenue of $9.8 million) as of September 30, 2023 March 31, 2024 as compared to $69.8 million $85.4 million as of September 30, 2022 March 31, 2023. The increase in total mission estimated contract revenues for the IM-3 mission revenue is primarily due to the award of a new $2.1 million commercial landed payload received in the first quarter of 2023 and novation of an existing commercial rideshare contract to a new customer with total revenues of $9.0 million. Prior to the novation of the rideshare contract, the $9.0 million of estimated contract revenue was constrained. The IM-3 mission launch and post-launch services run through June 2024 under our current contract pending task order modification with NASA although we anticipate launching after that date. to identify its complement of payloads and extend the mission timeline into 2025 which increased estimated revenue by approximately $15.1 million.

Revenue

Total revenue increased by $2.5 million $54.8 million, or 24% 301%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022. 2023. Revenue on the IM-1 mission decreased increased approximately $1.8 million $10.8 million to $(0.6) million $12.3 million for the three months ended September 30, 2023 March 31, 2024 from $1.3 million $1.4 million for the same period in 2022. Revenue decreased 2023. The increase in 2023 primarily IM-1 revenue was due to a change in progress towards the successful completion in 2023 as well as the extension of the targeted mission launch date noted above. 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 September 30, 2023 March 31, 2024 was $3.1 million as $10.0 million compared to $2.0 million $8.6 million in the same period of 2022 2023 and was primarily driven by a favorable change in progress toward completion on resulting from a rideshare contract. pending task order modification to change the mission targeted landing site and extend the mission to late 2024 discussed above. As of September 30, 2023 March 31, 2024, the IM-1 and IM-2 missions were mission is approximately 98% and 82% complete, respectively. 85% complete. Revenue from the IM-3 mission increased approximately $0.2 million decreased to $6.1 million $5.5 million for the three months ended September 30, 2023 March 31, 2024 from $5.9 million $5.6 million for the same period in 2022. 2023. The IM-3 mission was awarded in the fourth quarter of 2021 and was approximately 55% 59% complete as of September 30, 2023 March 31, 2024.

Revenue increased by $1.0 million, or 2%, for Revenues from task orders under the nine OMES III contract were approximately $41.8 million during the three months ended September 30, 2023 compared to March 31, 2024. The OMES III contract started in December 2023 and therefore there were no corresponding revenues during the same period in 2022. Revenue on the IM-1 mission decreased approximately $4.1 million to $5.1 million for the nine three months ended September 30, 2023 from $9.3 million for the same period in 2022. Revenue decreased March 31, 2023. Other contract revenues increased approximately $0.8 million primarily as a result of new contracts awarded in 2023 primarily due to a change in progress towards completion in 2023 as well as including the extension of the targeted mission launch date noted above. Revenue on the IM-2 mission for the nine months ended September 30, 2023 was $15.7 million as compared to $19.6 million in the same period of 2022 Jetson Low Power and was primarily driven by a change progress towards completion and knock-on effects of the IM-1 mission delay and was other contracts partially offset by revenue growth on the two commercial rideshare contracts awarded completion of the initial phase of the fission surface power contract in the third quarter of 2022. Revenue from the IM-3 mission increased approximately $2.7 million to $17.6 million for the nine months ended September 30, 2023 from $14.9 million for the same period in 2022 primarily due to the commercial landed payload contract awarded in the first quarter of 2023 and novation of the commercial rideshare contract in the second quarter of 2023.

Operating Expenses

Cost of revenue (excluding depreciation)

Cost Total cost of revenue increased by $8.5 million $37.8 million, or 49% 163%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022. 2023. Cost of revenue on the IM-1 mission decreased slightly by $4.2 million $1.7 million from $6.7 million down to $5.0 million due to ramping winding down progress as the mission nears completion. was completed in February 2024. On the IM-2 mission, cost of revenue was decreased by approximately $9.4 million $1.6 million to $6.6 million for the three months ended September 30, 2023 compared to $8.9 million March 31, 2024 from $8.2 million in the same period in 2022. 2023. IM-3 mission cost of revenue increased decreased by approximately $9.8 million due $2.3 million to higher progress than the prior period. Cost of revenue $4.8 million for engineering services projects increased approximately $2.9 million during the three months ended September 30, 2023 and was primarily associated with the fission service power project as well as various other services.

Cost of revenue increased by $16.7 million, or 31%, for the nine months ended September 30, 2023 March 31, 2024 compared to the same period in 2022. Cost of revenue on the IM-1 mission decreased by $3.1 million due to delay fees in 2022 on launch vehicle costs resulting from the change in the estimated launch date noted above. On the IM-2 mission, cost of revenue was approximately $25.6 million for the nine months ended September 30, 2023 compared to $25.7 million $7.1 million in the same period in 2022. IM-3 mission cost of revenue increased approximately $14.0 million primarily due to higher progress. Cost of revenue for engineering services projects increased approximately $6.1 million during the nine months ended September 30, 2023 and was primarily associated with the fission service power project as well as various other services. 2023.

As of September 30, 2023 March 31, 2024, all three of our two lunar missions are in loss positions. The IM-1 mission became a loss contract in 2019 primarily as a result of constrained variable consideration. During nine months ended September 30, 2023, IM's mission accrued losses increased by $9.4 million due to the delay of the targeted mission launch date discussed above. We have included additional labor costs in our cost estimates at completion as result of extending the targeted mission launch date. Additionally, costs increased as a result of technical challenges identified through systems testing in the first quarter of 2023 primarily associated with electronics and tank valves. On the IM-2 mission, we increased decreased the accrued contract loss by approximately $13.8 million $2.5 million during the nine three months ended September 30, 2023 March 31, 2024 which was primarily driven by additional labor the favorable change resulting from a pending task order modification to change the mission targeted landing site and subcontractor costs associated with extend the extension of the targeted launch date as well as increased costs associated with fuel systems and avionics based on our evaluation and consideration of the technical issues encountered on the IM-1 mission. mission to late 2024 discussed above. On the IM-3 mission, the accrued contract loss increased by approximately $5.9 million $1.1 million during the nine three months ended September 30, 2023 March 31, 2024 primarily due to additional estimated labor 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 subcontractor costs associated with therefore there were no corresponding cost of revenue during the extension three months ended March 31, 2023. Other contract cost of the targeted launch date. revenue increased approximately $0.4 million.

General and administrative expense (excluding depreciation)

General and administrative expense (excluding depreciation) increased by $5.3 million and $16.0 million $8.4 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods in 2022, 2023, driven primarily by our growth to support corporate and business operations, resulting in higher headcount of $1.4 million and $4.7 million, respectively, and related share-based compensation expense of $1.4 million $3.7 million, headcount of $0.7 million, bids and $2.4 million

proposals expense of , respectively. $0.9 million. For the same comparative periods, we incurred increases in expenses related to professional services software licenses and various other administrative costs of $1.2 million $0.5 million primarily driven by accounting and $7.5 million, respectively, legal fees, $0.7 million for rent expense primarily associated with being a newly public company and driven by the corresponding need move to support our accounting, legal, and information technology infrastructures. new corporate headquarters in late 2023. The Company also incurred transaction costs bad debt expense of $1.4 million $1.7 million related to a payload customer on the Private Placement IM-3 mission during the third first quarter of 2023. 2024.

Other (expense) income, expense, net

Total other income (expense), expense, net favorable unfavorable change of $39.4 million $109.0 million for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 was primarily due to a favorable loss on issuance of securities of $68.7 million and unfavorable changes in fair value of the earn-out liabilities of $36.0 million $18.9 million and warrant liabilities of $10.3 million $24.0 million, slightly offset by loss on issuance of securities of $6.7 million.

Total other income (expense), net favorable change of $61.4 million for the nine months ended September 30, 2023 compared $2.4 million related to the same period in 2022 was primarily due to a favorable changes in fair value of the earn-out liabilities of $61.1 million and warrant liabilities of $10.3 million, partially offset by an unfavorable change in the fair value of SAFE Agreements which was eliminated in the first quarter of $2.5 million, and loss on issuance of securities of $6.7 million. 2023.

Income tax (expense) benefit expense

For the three and nine months ended September 30, 2023 March 31, 2024, we recognized a no income taxes for the combined U.S. federal and state expense for income taxes of $605 thousand and $292 thousand, respectively. taxes. For the three and nine months ended September 30, 2022 March 31, 2023, we recognized a combined U.S. federal and state benefit for income taxes of $380 thousand and $25 thousand, respectively. $3.2 million. The effective combined United States federal and state income tax rates were 3.9% 0.0% and 2.7% (15.9%) for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and 3.1% and 0.1% for the three and nine months ended September 30, 2022, 2023, respectively. For three and nine months ended September 30, 2023 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 and nine months ended September 30, 2022 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:

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024		December 31, 2023
Backlog	Backlog	$135,167	$201,946				

Orders comprising backlog as of a given balance sheet date are typically invoiced in subsequent periods. As of September 30, 2023 March 31, 2024, we expect to recognize approximately 15% 55-60% of our backlog over the remainder of 2023, 2024, approximately 64% 25-30% over the subsequent twelve months of 2024 2025 and the remaining 21% 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 $66.8 million $46.2 million as of September 30, 2023 March 31, 2024 compared to December 31, 2022 December 31, 2023, primarily due to continued performance on existing contracts of $49.0 million $73.1 million and decreases related to contract value adjustments of $37.1 million $10.7 million primarily related to various certain time fixed price contracts and materials and other contracts. task order adjustments on the OMES III contract. The decrease was slightly offset by $37.6 million in new awards of $19.3 million primarily associated with favorable backlog adjustments to be manifested IM-1 the IM-2 and IM-3 missions in addition to a new award in September 2023 of $9.5 million. associated with unapproved task order modifications.

As of September 30, 2023 March 31, 2024, our backlog of $135.2 million $222.4 million exceeded our remaining performance obligations of $69.1 million $65.8 million as reported in Note 4 3 - Revenue to our condensed consolidated financial statements included in this Quarterly Report. The difference of $66.1 million $156.6 million was primarily related to $45.6 million $52.6 million of variable consideration associated with constrained revenue, as well as $20.5 million $104.0 million in backlog related to the funded value of certain OMES III and various other time and materials service 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 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.

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
(in thousands)	(in thousands)	2023	2022	2023	2022	(in thousands)	2024	2023
Net income (loss)		$ 15,096	$(11,932)	$ 10,426	$(18,828)			
Net loss								
Adjusted to exclude the following:	Adjusted to exclude the following:							
Taxes								
Taxes								
Taxes	Taxes	605	(380)	292	(25)			
Depreciation	Depreciation	329	276	944	783			
Interest expense, net	Interest expense, net	228	270	781	523			
Share-based compensation expense	Share-based compensation expense	2,541	124	2,748	385			
Share-based compensation expense								
Share-based compensation expense								
Change in fair value of earn-out liabilities	Change in fair value of earn-out liabilities	(36,036)	—	(61,066)	—			
Change in fair value of warrant liabilities	Change in fair value of warrant liabilities	(10,259)	—	(10,259)	—			
Change in fair value of SAFE Agreements	Change in fair value of SAFE Agreements	—	255	2,353	(181)			
Loss on issuance of securities	Loss on issuance of securities	6,729	—	6,729	—			
Other income (expense), net		418	(10)	379	(5)			
Other income, net								
Adjusted EBITDA	Adjusted EBITDA	$(20,349)	$(11,397)	$(46,673)	$(17,348)			

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:

		Nine Months Ended September 30,				
	Three Months Ended March 31,				Three Months Ended March 31,	
(in thousands)	**(in thousands)**	**2023**	**2022**	**(in thousands)**	**2024**	**2023**
Net cash used in operating activities	Net cash used in operating activities	$(22,933)	$(28,358)			
Purchases of property and equipment	Purchases of property and equipment	(27,668)	(12,150)			
Free cash flow	Free cash flow	$(50,601)	$(40,508)			

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 September 30, 2023 March 31, 2024, we had cash and cash equivalents of $40.7 million $55.2 million and a working capital deficit of $52.0 million $10.9 million. As further described in Note 3 - Business Combination and Related Transactions In the first quarter of our condensed consolidated financial statements, on February 13, 2023, Intuitive Machines, Inc. (formerly known as Inflection Point Acquisition Corp. ("IPAX") and our wholly owned subsidiary, Intuitive Machines, LLC consummated the Business Combination and related transactions. Upon the closing of the Business Combination and issuance of 10% Series A Cumulative Convertible Preferred Stock, par value $0.0001 per share (the "Series A Preferred Stock") to certain investors, 2024, the Company received approximately $34.1 million of $60.6 million in gross proceeds to fund operations. Additionally, 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 a common stock purchase agreement with an investor establishing a committed equity facility the Cantor Purchase Agreement, pursuant to which the Company has may direct CFPI, at the right, but not the obligation, to direct the counterparty Company's discretion, to purchase up to the lesser of (i) $50.0 million of newly issued Class A common stock and the Exchange Cap (as defined in the common stock purchase agreement), subject to certain requirements and limitations. Additionally, subsequent to the closing of the Business Combination, we received $12.7 million in cash associated with the termination of a prepaid forward purchase agreement and $16.1 million associated with the exercises of Public Warrants.

On September 5, 2023, the Company consummated a securities purchase agreement pursuant to which the Company agreed to sell securities in a private placement which included the issuance by the Company of an aggregate of 4,705,883 shares of the Company's Class A Common Stock and an accompanying warrant to purchase up to 4,705,883 shares of Class A Common Stock (the "Series A Warrant") and warrant (ii) the "exchange cap" specified therein, subject to purchase up to 4,705,883 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 (the "Series B Warrant"), for aggregate gross proceeds of approximately $20.0 million up to $100.0 million. See Notes 9 and 10 for additional information on the this securities purchase agreement.

Management believes that the cash and cash equivalents as of September 30, 2023 March 31, 2024, and the additional liquidity provided by available with the equity facility Cantor Purchase Agreement and Controlled Equity Offering Sales Agreement as further discussed above 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

On December 12, 2019, we 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 with a due date credit mobilization facility that was paid in full as of December 12, 2022 and a $1.0 million line of credit with a due date of December 12, 2020. Both the Credit Mobilization Facility and the line of credit thereunder initially bore interest, payable monthly, at a rate per annum equal to 6.0%. The Credit Mobilization Facility and the line of credit thereunder are secured by substantially all of our assets.

On December 8, 2020, we entered into a Loan Modification Agreement with Live Oak Banking Company which amended the terms of the line of credit under the Credit Mobilization Facility, including decreasing the maximum principal from $1.0 million to $0.4 million, extending the maturity date from December 12, 2020 to December 10, 2021, and changing the interest rate from 6.0% to a variable interest rate at the prime rate, as published in the Wall Street Journal, plus 2.0%.

On April 30, 2021, we entered into a commitment with Live Oak Banking Company which provided a $12.0 million contract mobilization credit facility with a loan maturity of November 15, 2022 (the "New Credit Mobilization Facility"), which superseded the existing Credit Mobilization Facility. The New Credit Mobilization Facility bears interest (payable monthly) at a rate per annum equal to 5.25%, adjusted quarterly based on the prime rate, as published in the Wall Street Journal, plus 2.0%. On December 10, 2021, the line of credit expired. We had no balance outstanding at that time and did not renew the line of credit.

On July 14, 2022, 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 credit facility with a loan maturity of July 14, 2024 and extended the maturity date of our existing $12.0 million mobilization credit facility to November 14, 2023. The mobilization credit facilities bear 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%. The $8.0 million mobilization credit facility and requires early payment of principal upon the completion of certain mission milestones. If the milestones are completed, principal payments of $4.1 million and $3.9 million would be due prior to loan maturity in 2023 and 2024, respectively. The $12.0 million mobilization credit facility requires principal payments of $8.0 million on August 15, 2023 and $4.0 million on November 14, 2023. The mobilization credit facilities require 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 September 30, 2023 March 31, 2024, we were in compliance with all covenants under the credit mobilization facilities.

There was $20.0 million $8.0 million outstanding under the credit mobilization facilities Credit Mobilization Facility as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. See Note 7 5 - Debt to our condensed consolidated financial statements for additional information related to the credit mobilization facilities.

During ***Bridge Loan***

On January 10, 2024, the third quarter Company entered into a series of 2023, we considered options loan documents with Pershing LLC, an affiliate of Bank of New York Mellon, pursuant to modify which Pershing LLC agreed to an extension of credit in an amount not to exceed $10.0 million to the terms 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 Second Amended lender for the benefit of the Company. On January 10, 2024, the Company and Restated 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 Agreement with Live Oak. We received confirmation was repaid in full as a result of $10.0 million in contributions from Live Oak to defer the $8.0 million principal payment due on August 15, 2023 Guarantor under the $12.0 million mobilization credit facility pending Bridge Loan Conversion transaction further described in Note 7.

Other

In March 2024, the outcome 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 loan modification. On October 31, 2023, management decided Company's Class A common stock and warrants. Up to no longer pursue loan modification a maximum of $100.0 million of the maximum aggregate offering price of $300.0 million may be issued and promptly paid the deferred $8.0 million principal payment. On November 3, 2023, we received sold pursuant to an at-the-market financing facility under a letter of good standing from Live Oak stating capital controlled equity offering sales agreement between the Company was current on all payments due and was in full compliance with the terms and conditions Cantor Fitzgerald & Co. As of the $8.0 million 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 $12.0 million mobilization credit facilities 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 Second Amended 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 Restated Loan Agreement. intermediate term.

Cash Flows

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

		Nine Months Ended September 30,				
	Three Months Ended March 31,				Three Months Ended March 31,	
(in thousands)	(in thousands)	2023	2022	(in thousands)	2024	2023
Net cash used in operating activities	Net cash used in operating activities	$(22,933)	$(28,358)			
Net cash used in investing activities	Net cash used in investing activities	$(27,668)	$(12,150)			
Net cash provided by financing activities	Net cash provided by financing activities	$ 65,489	$ 20,171			

Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023

Operating Activities

During the nine three months ended September 30, 2023 March 31, 2024, our operating activities used $22.9 million $6.4 million of net cash as compared to $28.4 18.7 million of net cash used during the nine three months ended September 30, 2022 March 31, 2023. The $5.5 million unfavorable change was primarily due to higher operating expenses in 2023 to support our missions including increases in headcount and professional service fees, and is also affected by changes Changes in operating assets and liabilities which consist primarily of working capital balances for our projects. Working capital levels 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 nine three months ended September 30, 2023 March 31, 2024, investing activities used $27.7 million $1.6 million of net cash as compared to $12.2 million $8.6 million of net cash used during the nine three months ended September 30, 2022 March 31, 2023. The $15.5 million increase in cash used $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 nine three months ended September 30, 2023 March 31, 2024, financing activities provided $65.5 million $60.8 million of net cash as compared to $20.2 million $48.3 million of net cash provided during the nine three months ended September 30, 2022 March 31, 2023. Th

During 2024, our financing activities included e $45.3 million increase $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.

was primarily associated with During 2023, our financing activities included $34.1 million in proceeds received upon consummation of the Business Combination and Series A Preferred Stock issuance which was partially slightly offset by $9.4 0.8 million in related transaction costs paid and $20.0 million in proceeds received upon the close of the Private Placement.. We also received $12.7 million$12.7 million in cash associated with the termination of a prepaid forward purchase agreement and another $16.1 2.2 million in proceeds from the exercise of Public Warrants, slightly offset by member distributions of $8.0 million. During 2022, our financing activities included proceeds from borrowings of $16.0 million and SAFE Agreements of $4.3 million. 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. See Note 6 - Leases to our condensed consolidated financial statements for more information regarding our lease commitments.

In September 2021, we signed a ground lease agreement for the development of a lunar operations center Lunar Production and Operations Center ("LPOC") that will serve as a production and testing facility of lunar lander components and other aerospace related operations. The facility is near completion, and operations which provided for the lessor will 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. As of December 31, 2022, we had capitalized $10.3 million of construction in progress and a corresponding financing obligation of $9.1 million. 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. Upon commencement of the SEV facility portion of the lease, management determined that it qualified for sale and leaseback accounting, with the leaseback being classified as an operating lease. No gain or loss was recognized or deferred on the sale of the SEV facility, as the fair value upon completion was determined to be equal to the carrying value. As of September 30, 2023 March 31, 2024, the Company recorded right-of-use assets of $2.9 million and corresponding lease liabilities of approximately $3.2 million. As of December 31, 2022, the Company recorded right-of-use assets and corresponding lease liabilities of approximately $3.1 million $3.3 million.

During the third quarter of 2023, the remaining construction for the lunar operations center LPOC was near completion, we took possession of the entire facility. Upon commencement of the lease, we determined that the lunar operations center LPOC qualified for sale and leaseback accounting, with the leaseback being classified as an operating lease. No gain or loss was recognized or deferred on the sale of the lunar operations center, as the fair value upon commencement was determined to be equal to the carrying value. As of March 31, 2024, the lease commencement date, we derecognized approximately $30.4 million of construction in progress and the corresponding financing obligation of $30.4 million associated with capitalized construction costs of the lunar operations center and related reimbursements received from the lessor. We recognized operating lease Company recorded right-of-use assets of $32.3 million $31.5 million and operating lease liabilities of $26.7 million as $28.0 million. As of March 31, 2024, we have approximately $2.2 million of contractual obligations to complete construction of the lease commencement date.

We expect to incur an additional $10.1 million in construction costs after the lease commencement date to complete the lunar operations center LPOC which will be funded through a combination of remaining reimbursements from the lessor and 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 7 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 September 30, 2023 March 31, 2024, we had remaining purchase obligations under non-cancelable commitments with two four vendors totaling $37.3 million $23.5 million of which $29.1 million $16.9 million is due within the next twelve months and the remaining $8.2 million $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 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, 2022 December 31, 2023 and 2021 included 2022 contained in the Company's Current our Annual Report on Form 8-K/A, which was 10-K, filed with the SEC on March 31, 2023 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

Limitations on Effectiveness of Controls and Procedures

In designing accordance with Exchange Act Rules 13a-15 and evaluating our disclosure controls 15d-15, we carried out an evaluation, under the supervision and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of management, including our Chief Executive Officer and Chief Financial Officer, has evaluated, as of September 30, 2023, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under of the Exchange Act). end of the period covered by this report. Based on such that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedureswere not effective at the as of March 31, 2024, to provide reasonable assurance level as a result of the material weaknesses that information required to be disclosed in our internal control over financial reporting 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 were previously reported information required to be disclosed in reports filed or submitted under Part I., Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K the Exchange Act is accumulated and identified below.

Material Weaknesses in Internal Control Over Financial Reporting

Prior communicated to the closing of the Business Combination, in connection with the audit of Intuitive Machines, LLC's financial statements as of and for the period ended December 31, 2021, our management, determined that we had three material weaknesses in including our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely basis. The identified material weaknesses primarily relate to the following matters that are relevant to the preparation of our consolidated financial statements:

- We did not design and maintain effective controls over identification of performance obligations and timing of revenue recognition for certain contracts, as well as the review and reconciliation of certain revenue schedules to the trial balance.
- We did not design and maintain effective controls over the identification and recognition of non-routine, unusual or complex transactions.
- We did not maintain proper segregation of duties related to the posting of manual journal entries to the trial balance.

As of September 30, 2023, these material weaknesses are still in the process of being remediated.

Changes in Internal Control Over Financial Reporting decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2023 March 31, 2024 that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting, except as described above. 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 14 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 2022 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. 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 February 14, 2023 January 11, 2024 and (ii) Current Report on Form 8-K filed with the SEC on September 6, 2023 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 September 30, 2023 March 31, 2024, none certain of the Company's our officers or directors or executive officers listed below adopted or terminated any contract, instruction or written plan trading arrangements for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions shares of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement." our Class A common stock in amounts and prices determined in accordance with a formula set forth in each such plan:

Name	Title	Date Entered	Date Expires	Shares
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.

		Incorporated by Reference			
Exhibit Number	Description of Exhibit	Form	File No.	Exhibit	Filing Date
4.1	Form of Series A Common Stock Purchase Warrant, dated as of September 5, 2023, issued by Intuitive Machines, Inc. to the Purchaser	8-K	001-40823	4.1	September 6, 2023
4.2	Form of Series B Common Stock Purchase Warrant, dated as of September 5, 2023, issued by Intuitive Machines, Inc. to the Purchaser	8-K	001-40823	4.2	September 6, 2023
10.1	Securities Purchase Agreement, dated as of August 30, 2023, by and among Intuitive Machines, Inc. and the Purchaser named therein	8-K	001-40823	10.1	September 6, 2023
10.2	Registration Rights Agreement, dated as of August 30, 2023, by and among Intuitive Machines, Inc. and the Purchaser named therein	8-K	001-40823	10.2	September 6, 2023
10.3	Subscription Agreement, dated as of September 6, 2023, by and among Intuitive Machines, Inc. and Ghaffarian Enterprises, LLC	8-K	001-40823	10.3	September 6, 2023
10.4	Subscription Agreement, dated as of September 6, 2023, by and among Intuitive Machines, Inc. and Ghaffarian Enterprises, LLC	8-K	001-40823	10.4	September 6, 2023

31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
32.1**	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
32.2**	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
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

		Incorporated by Reference			
Exhibit Number	Description of Exhibit	Form	File No.	Exhibit	Filing Date
10.1+	Amended and Restated Director Compensation Policy				
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934				
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934				
32.1**	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				
32.2**	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				
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.

Intuitive Machines, Inc.

Date:	November 13, 2023 May 14, 2024	By:	/s/ Erik Sallee
			Erik Sallee
			Chief Financial Officer
			(Principal Financial Officer)
Date:	November 13, 2023		/s/ Steven Vontur
			Steven Vontur
			Interim Chief Financial Officer and Controller
			(Interim Principal Accounting Financial Officer)

Exhibit 10.1

INTUITIVE MACHINES, INC.

AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Eligible Directors (as defined below) on the board of directors (the "***Board***") of Intuitive Machines, Inc. (the "***Company***") shall be eligible to receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Director Compensation Program (this "***Program***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically as set forth herein and without further action of the Board, to each member of the Board who is not an employee of the Company or any of its parents, affiliates or subsidiaries (each, an "***Eligible Director***"), unless such Eligible Director declines the receipt of such cash or equity compensation by written notice to the Company.

This Program shall become effective upon the Effective Date (as defined below), and shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. No Eligible Director shall have any rights hereunder, except with respect to equity awards granted pursuant to Section 2 of this Program. For purposes of this Program, the "***Effective Date***" shall mean the date on which it is approved by the Board.

1. Cash Compensation.

a. Annual Retainers. Each Eligible Director shall be eligible to receive an annual cash retainer of $55,000 for service on the Board. The Chairperson who is not an Eligible Director shall receive an annual cash retainer of $105,000.

b. Additional Annual Retainers. An Eligible Director shall be eligible to receive the following additional annual retainers, as applicable:

(i) Audit Committee. An Eligible Director serving as Chairperson of the Audit Committee shall be eligible to receive an additional annual retainer of $20,000 for such service. An Eligible Director serving as a member of the Audit Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $10,000 for such service.

(ii) Compensation Committee. An Eligible Director serving as Chairperson of the Compensation Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the Compensation Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

(iii) Nominating and Corporate Governance Committee. An Eligible Director serving as Chairperson of the Nominating and Corporate Governance Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

(iv) Conflicts Committee. An Eligible Director serving as Chairperson of the Conflicts Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the Conflicts Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

c. Payment of Retainers. The annual cash retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than 30 days following the end of each calendar quarter. In the event an Eligible Director does not serve as a director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, the retainer paid to such Eligible Director shall be prorated for the portion of such calendar quarter actually served as a director, or in such position, as applicable.

2. Equity Compensation.

a. General. Eligible Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2023 Long Term Omnibus Incentive Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***") and may be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms approved by the Board prior to or in connection with such grants. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of equity awards hereby are subject in all respects to the terms of the Equity Plan. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Equity Plan.

b. June 2023 Awards. Each Eligible Director who is serving on the Board as of the first Board meeting in June 2023 shall be granted a Restricted Stock Unit award with a value of $155,000 (the "***June 2023 Award***"). The number of Restricted Stock Units subject to each June 2023 Award will be determined by dividing the value by the closing price for the Company's Class A common stock on the grant date. Each June 2023 Award shall vest in full on the earlier to occur of (i) the one-year anniversary of the grant date and (ii) the date of the next Annual Meeting following the grant date, subject to continued service through the applicable vesting date.

c. Initial Awards. Each Eligible Director who is initially elected or appointed to serve on the Board after the June 2023 Award has been granted automatically shall be granted a Restricted Stock Unit award (the "***Initial Equity Award***"). The number of Restricted Stock Units subject to an Initial Equity Award will be determined by dividing the Pro-Rated Value by the closing price for the Company's Class A common stock on the applicable grant date. The Initial Equity Award shall be granted on the date on which such Eligible Director is appointed or elected to serve on the Board, and shall vest in full on the earlier to occur of (i) the one-year anniversary of the applicable grant date and (ii) the date of the next Annual Meeting following the grant date, subject to such Eligible Director's continued service through the applicable vesting date. The "***Pro-Rated Value***" shall equal $200,000, multiplied by a fraction, (i) the numerator of which is the difference between 365 and the number of days from the immediately preceding Annual Meeting date through the appointment or election date and (ii) the denominator of which is 365.

d. Annual Awards. An Eligible Director who is serving on the Board as of the date of the Annual Meeting each calendar year beginning with calendar year 2024 shall be granted a Restricted Stock Unit award with a value of $200,000 (an "***Annual Award***" and together with the June 2023 Awards and the Initial Equity Awards, the "***Director Equity Awards***"). The number of Restricted Stock Units subject to an Annual Award will be determined by dividing the value by the closing price for the Company's Class A common stock on the applicable grant date. Each Annual Award shall vest in full on the earlier to occur of (i) the one-year anniversary of the applicable grant date and (ii) the date of the next Annual Meeting following the grant date, subject to continued service through the applicable vesting date.

e. Annual Awards for Chairperson. The Chairperson who is not an Eligible Director who is serving on the Board as of the date of the Annual Meeting each calendar year beginning with calendar year 2024 shall be granted a Restricted Stock Unit award with a value of $250,000. The number of Restricted Stock Units will be determined by dividing the value by the closing price for the Company's Class A common stock on the applicable grant date. The award will vest in full on the earlier to occur of (i) the one-year anniversary of the applicable grant date and (ii) the date of the next Annual Meeting following the grant date, subject to continued service through the applicable vesting date.

f. Accelerated Vesting Events. Notwithstanding the foregoing, an Eligible Director's Director Equity Award(s) shall vest in full immediately prior to the occurrence of a Change in Control to the extent outstanding at such time.

3.Compensation Limits. Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of non-employee Director compensation set forth in the Equity Plan, as in effect from time to time.

4 .Equity Compensation. The Chairperson of Board who is not an Eligible Director shall

Amended May 7, 2024

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Exhibit 31.1

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Stephen Altemus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of Intuitive Machines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 13, 2023 May 14, 2024

By: /s/ Stephen Altemus

Stephen Altemus
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Erik Sallee, Steven Vontur, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of Intuitive Machines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date:	November 13, 2023 May 14, 2024	By:	/s/ Erik Sallee Steven Vontur
			Erik Sallee Steven Vontur
			Interim Chief Financial Officer
			(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report on Form 10-Q of Intuitive Machines, Inc. (the "Company") for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Altemus, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 13, 2023 May 14, 2024	By:	/s/ Stephen Altemus
			Stephen Altemus
			Chief Executive Officer, President and Director
			(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report on Form 10-Q of Intuitive Machines, Inc. (the "Company") for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Erik Sallee, Steven Vontur, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 13, 2023 May 14, 2024	By:	/s/ Erik Sallee Steven Vontur
			Erik Sallee Steven Vontur
			Interim Chief Financial Officer
			(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.