Market Data

Price	$11.04
52 Week Range (US$)	$7.78 – $46.75
Ave. Daily Volume	8,029,800
Shares Out. (M)	232.4
Market Cap (M)	$2.57B
Enterprise Value (M)	$2.44B
Fiscal Year End:	December
Industry	Aerospace & Defense

Performance Chart



Source: Yahoo Finance

Peer Valuation

EV / FY26E Revenue	2.61x
Peer Median	6.72x
Core Peer Mean	5.70x
Discount to Peer Median	(61%)
Discount to Core Peer Mean	(54%)

Analyst Targets

Covering Firms	11
Range	$13 - $41
Median Target	$28.00
Average Target	$27.40
Median Implied EV / FY26E	6.82x
Average Implied EV / FY26E	6.67x

Catalysts

CLPS 1.0 (3 bids)	2026 / 2027
Andromeda SG-XX	2026 / 2027
Zephyr Phase II Grant	2026 / 2027
SCAR Antenna-as-a-Service	Early 2027
IM-3 / Altus-1 Launch	March / April 2027
CLPS 2.0 Task Orders	2027
Andromeda RG-XX	2027
LTV On-Ramp	Late 2027
Altus 2–5 Deployment	2028

Building on Momentum – Record Quarter Reinforces Long-Term Growth Strategy

Record Revenue and Backlog: Third-quarter revenue increased 30.6% QoQ and 413.7% YoY to a record $269.3M, driven by execution across satellite production, lunar delivery, lunar data services, and ground communication networks, highlighting the increasing diversification of the revenue base. Backlog reached a record $1.87B, reflecting continued contract activity across civil, commercial, and national security markets. Management's expectation to convert 40%-45% of current backlog into revenue during 2027 implies approximately $747M-$840M of revenue visibility, excluding future contract awards. This represents roughly 80%-90% of the midpoint of FY2026 revenue guidance, providing a solid foundation for growth entering 2027.

Cash Flow Positive, Funding in Place: Free cash flow was positive $33.5M in the quarter, benefiting primarily from favorable working capital movements, including higher contract liabilities and accounts payable, though year-to-date free cash flow remained negative $112.3M. The company ended the quarter with $463.8M of cash and cash equivalents and $163.0M of remaining capacity under its ATM program. Management expects capital expenditures to remain elevated through early 2027 to support the Altus 2-5 constellation deployment. Importantly, management stated that available liquidity, including remaining ATM capacity and proceeds from the February 2026 Securities Purchase Agreement, is expected to be sufficient to fund operating and capital requirements and execute its business plan for at least the next twelve months.

Guidance Narrowed, EBITDA Target Held: Management narrowed FY2026 revenue guidance to $920M-$950M from $900M-$1.0B, citing the timing of contract modifications and award activity, while reaffirming positive full-year adjusted EBITDA. Based on nine-month revenue of $662.2M, the updated outlook implies fourth-quarter revenue of approximately $257.8M-$287.8M. The company reported adjusted EBITDA of $(3.0M) through the first nine months of the year and remains on track to achieve positive full-year adjusted EBITDA.

Contract Wins Across End Markets: Secured more than $450M of awards and acquired backlog during the quarter, implying a book-to-bill ratio of approximately 1.7x. Key awards included AMDT3 satellite production, the Hartford national security mission, NASA's EAGLE-VSWIR Earth science spacecraft, and the FALCON-RADAR mission. In addition, NASA selected Intuitive Machines for the CLPS 2 contract, a 10-year IDIQ vehicle with a $10B ceiling and a $5B option expected to support larger and more frequent lunar cargo task orders beginning in 2027.

Reported Results Include Several Non-Recurring Items: Quarterly results included several non-recurring items affecting profitability, including favorable program adjustments, non-cash fair value gains, legal expenses, acquisition-related costs, and the Hughes credit loss reserve. We estimate these items increased reported gross margin and adjusted EBITDA and reduced the reported net loss relative to underlying operating performance (see One-Time Items and Underlying Earnings and Exhibit 1.5 in Section 1).

For informational purposes only. Based solely on publicly available information. Not investment advice or a recommendation to buy or sell any security.

1.0 Q3 FY2026 Results and Financial Analysis

Summary of Financial Results

EXHIBIT 1.1 — Income Summary
Represented in Thousands, Except Per Share and Share Amounts

	Q3 FY26	Q2 FY26	QoQ %	Q3 FY25	YoY %
Total revenue	269,348	206,168	30.6%	52,437	413.7%
Product revenue	215,118	166,735	29.0%	—	n/m
Service revenue	54,138	36,677	47.6%	50,987	6.2%
Grant revenue	92	2,756	(96.7%)	1,450	(93.7%)
Gross profit	69,302	35,866	93.2%	5,668	1,122.8%
Gross margin	25.73%	17.40%	+833bp	10.81%	+1,492bp
Operating loss	(34,249)	(47,136)	(27.3%)	(15,419)	122.1%
Adjusted EBITDA	8,255	(13,977)	n/m	(13,164)	n/m
Net loss	(3,354)	(62,841)	(94.7%)	(9,960)	(66.3%)
Net loss attrib. to Class A	(4,189)	(46,612)	(91.0%)	(7,000)	(40.2%)
EPS, basic and diluted	(0.02)	(0.29)	n/m	(0.06)	n/m
Weighted-average shares	173,425,260	162,172,470	6.9%	117,815,856	47.2%

Source: Company Q3 2026 earnings release, Forms 10-Q and Form 10-K. Calculations performed independently where applicable.

Revenue reached a record $269.3M in the third quarter, up 30.6% QoQ and 413.7% YoY. Product revenue increased 29.0% sequentially to $215.1M and represented 79.9% of total revenue, compared to 80.9% in the second quarter. Service revenue increased 47.6% to $54.1M, representing 20.1% of total revenue, while grant revenue declined to $0.1M from $2.8M. The growing contribution from service revenue, combined with improved service profitability, was a significant driver of sequential gross margin expansion (see Exhibit 1.4).

Gross profit increased to $69.3M from $35.9M, while gross margin expanded to 25.7% from 17.4%. Product gross profit increased $15.1M sequentially, while service gross profit improved by $18.3M, reflecting stronger volume, a greater contribution from satellite production, and favorable program adjustments.

Operating loss narrowed to $(34.2M) from $(47.1M) as gross profit growth more than offset higher operating expenses. General and administrative expense increased $22.6M sequentially, while depreciation and amortization expense and research and development expense declined modestly. The increase in operating expenses primarily reflected legal, acquisition-related, and credit loss charges discussed in greater detail in the One-Time Items and Underlying Earnings section.

Net loss narrowed sequentially to $(3.4M) from $(62.8M), benefiting from higher gross profit and a $30.0M non-cash gain related to the change in fair value of warrant liabilities. Adjusted EBITDA improved to $8.3M from a loss of $(14.0M) in the prior quarter, reducing the nine-month adjusted EBITDA loss to $(3.0M).

Revenue Overview

EXHIBIT 1.2 — Revenue by Type (Q3 FY25 – Q3 FY26)
Represented in Thousands

	Sept 2025	Dec 2025	Mar 2026	Jun 2026	Sept 2026
Product	-	-	141,554	166,735	215,118
Service	50,987	43,308	42,076	36,677	54,138
Grant	1,450	1,477	3,100	2,756	92

Source: Company Q3 2026 earnings release, Forms 10-Q and Form 10-K.

EXHIBIT 1.3 — Revenue by Customer Type and Contract Type

Represented in Thousands

	Q3 FY26	% of Rev	Q3 FY25	% of Rev	YoY %
Civil	103,082	38.3%	41,539	79.2%	148.2%
Commercial	96,725	35.9%	6,525	12.4%	1,382.4%
National Security	69,449	25.8%	2,923	5.6%	2,275.9%
Grant revenue	92	0.0%	1,450	2.8%	(93.7%)
Fixed price	234,159	86.9%	30,275	57.7%	673.4%
Cost reimbursable	32,879	12.2%	19,190	36.6%	71.3%
Time and materials	2,218	0.8%	1,522	2.9%	45.7%
Grant revenue	92	0.0%	1,450	2.8%	(93.7%)

Source: Company Q3 2026 earnings release, Forms 10-Q. Calculations performed independently where applicable.

Year-to-date revenue was approximately 38% civil, 36% commercial and 26% national security, leaving the business balanced across its three markets compared with the first nine months of 2025, when civil customers accounted for 85% of revenue. The mix has also shifted toward fixed-price contracts, which made up 87% of third-quarter revenue against 58% a year earlier, increasing the company's exposure to cost overruns and estimate changes such as those recorded on IM-3 and IM-4.

Margin Calculation

EXHIBIT 1.4 — Gross Margin by Revenue Type

	Q3 FY26	Q2 FY26
Product	29.1%	28.4%
Service	12.5%	(31.5%)
Grant	(9.8%)	(0.1%)
Total	25.7%	17.4%

Source: Company Q3 2026 earnings release and Form 10-Q. Service margin includes affiliated cost of revenue. Calculations performed independently where applicable.

Product margin expanded 64bp sequentially to 29.1%, as product revenue increased 29.0% compared with a 27.9% increase in cost of product revenue.

Service margin improved to 12.5% from (31.5%) in the prior quarter as net losses on customer contracts declined to $4.1M from $19.8M. Contract losses were driven primarily by IM-3 and IM-4, the principal sources of service margin pressure throughout 2026. IM-3, approximately 94% complete with performance through March 2027, has recorded $9.1M of additional contract losses year to date and carried a $2.9M loss provision at September 30. IM-4, approximately 53% complete with performance through August 2028, has recorded $17.6M of additional contract losses year to date and carried loss provisions of $8.3M current and $0.7M non-current at September 30.

Total gross margin expanded to 25.7% from 17.4% in the second quarter and 10.8% in the prior-year period. Excluding favorable program adjustments, total gross margin would have been approximately 18.7% (see One-Time Items and Underlying Earnings below).

One-Time Items and Underlying Earnings

Third-quarter results included several items that materially affected reported profitability. At the gross profit line, management disclosed approximately $19M of net favorable program adjustments, primarily associated with satellite programs, with relatively minor EAC changes on lunar landers. Excluding these adjustments, gross margin was approximately 18.7% compared with the reported 25.7%, and adjusted EBITDA was approximately $(10.7M) compared with reported adjusted EBITDA of $8.3M.

Within general and administrative expense, the quarter included $10.3M of non-recurring legal expense, increasing aggregate legal accruals to $13.1M from $2.8M at June 30. The disclosed legal matters include the Starlight preferred stock litigation, for which the company has recorded an accrual. The company also incurred $9.6M of acquisition-related transaction and integration costs, including approximately $2.0M related to Goonhilly, as well as a $9.5M credit loss expense following the Chapter 11 filing of the Hughes entities. Management excludes the legal and acquisition-related costs from

adjusted EBITDA but does not exclude the Hughes credit loss. The reserve includes $1.6M of trade receivables and $7.9M of Hughes-related orbital receivables, which management believes adequately covers its remaining exposure.

Below operating income, reported net loss benefited from $33.6M of non-cash fair value gains related to warrant liabilities and KinetX contingent consideration. Both gains were driven primarily by the decline in the company's share price to $14.24 at September 30 from $21.39 at June 30 rather than by operating performance.

Exhibit 1.5 reconciles reported net loss of $(3.4M) to an underlying net loss of approximately $(26.6M). The bridge removes favorable program adjustments and non-cash fair value gains while adding back legal, acquisition-related, and Hughes-related charges to provide a view of underlying operating performance.

EXHIBIT 1.5 — Normalized Net Loss Bridge
Represented in Millions

Item	Amount	Statement Line	Rationale for Normalization
Reported net loss	**(3.4)**	Net loss	Not Applicable
Less: Net favorable program adjustments	(19.0)	Gross profit	Described by management as one-time, net favorable EAC and program performance adjustments, mainly on satellite programs.
Less: Change in fair value of warrant liabilities	(30.0)	Other income	Non-cash remeasurement of the Conversion Series A warrants, driven by the share price decline; no cash or operating effect.
Less: Change in fair value of contingent consideration	(3.6)	Other income	Non-cash remeasurement of the KinetX escrow shares, also driven by the share price; no cash or operating effect.
Add: Non-recurring legal expense	10.3	G&A	Identified by the company as non-recurring and excluded from adjusted EBITDA.
Add: Acquisition transaction and integration costs	9.6	G&A	Costs tied to the Lanteris ($7.6M) and Goonhilly ($2.0M) acquisitions; excluded by management from adjusted EBITDA.
Add: Hughes credit loss	9.5	G&A	Reserve for a single customer's Chapter 11 filing. Treated here as one-time because it is event-specific.
Normalized Net loss	**(26.6)**		

Source: Company Form 10-Q for the quarter ended September 30, 2026, and Q3 2026 earnings call. Normalization reflects best estimates based on management commentary and disclosed non-recurring items.

Backlog and Bookings

EXHIBIT 1.6 — Backlog vs. Quarterly Revenue
Represented in Thousands

	Q3 FY26	Q2 FY26	QoQ %	Q3 FY25	YoY %
Backlog	1,866,758	1,761,950	5.9%	235,870	691.4%
Revenue	269,348	206,168	30.6%	52,437	413.7%

Source: Company Q3 2026 earnings release and Forms 10-Q. Calculations performed independently where applicable.

Backlog reached a record $1.87B at September 30, increasing 5.9% sequentially and 691.4% year over year. New awards and acquired backlog, including backlog assumed through the Goonhilly acquisition, totaled approximately $450M during the quarter, implying a book-to-bill ratio of approximately 1.7x. Key awards included the AMDT3 constellation, the Hartford national security mission and NASA's EAGLE-VSWIR spacecraft. Quarterly backlog growth was partially offset by revenue conversion and contract modifications, including the descoping of the remaining Power and Propulsion Element (PPE) scope.

Management expects approximately 13%-15% of September 30 backlog, or roughly $243M-$280M, to convert into revenue during the fourth quarter of 2026 and 40%-45%, or approximately $747M-$840M, during 2027. Ending backlog consisted of approximately 32% civil, 43% commercial and 25% defense programs.

Remaining performance obligations ("RPO") totaled $1.00B at September 30. Management expects approximately 10%-15% of RPO to be recognized over the remainder of 2026, 45%-50% during 2027, 10%-15% during 2028, and the balance over the subsequent three years. Backlog exceeded RPO by approximately $862.5M, primarily reflecting $586.8M associated with the multi-satellite commercial program, $226.8M related to contracts where revenue is recognized as services are performed and contractually billable, and $48.9M of constrained variable consideration.

Cash Flow

EXHIBIT 1.7 — Cash Balance vs Free Cash Flow

	Q3 FY26	Q2 FY26
Cash and cash equivalents	463,810	367,354
Restricted cash	13,171	11,668
Total cash and restricted cash	**476,981**	**379,022**
Sequential change	97,959	135,657
Net cash from (used in) operating activities	66,172	(59,802)
Capital expenditure	(32,700)	(24,065)
Free cash flow	**33,472**	**(83,867)**
Acquisitions, net of cash acquired	(17,825)	(2,283)
Net cash from financing activities	82,312	221,807
Memo: quarters of cash at current FCF	n/m	4.4

Source: Company Q3 2026 earnings release and Form 10-Q. Memo row not meaningful in Q3 FY26 given positive free cash flow.

Free cash flow was a record $33.5M, reflecting operating cash flow of $66.2M and capital expenditures of $(32.7M). Operating cash flow benefited from favorable working-capital movements, including increases in contract liabilities, accounts payable, accrued expenses, and other liabilities, partially offset by growth in contract assets and other assets. Cash and restricted cash increased $98.0M sequentially to $477.0M.

Financing activities provided $82.3M of cash during the quarter, including $96.5M of net proceeds from the ATM. The Goonhilly/COMSAT acquisition consumed $26.7M of cash, consisting of $17.8M of net cash consideration and $8.9M used to repay assumed indebtedness. Total consideration was $32.2M, including 960,649 Class A shares valued at $11.7M.

Liquidity improved during the quarter, with cash and cash equivalents ending at $463.8M compared with long-term debt of $336.9M. While third-quarter free cash flow turned positive, nine-month free cash flow remained $(112.3M), and a portion of the quarter's working-capital benefit reflects contract timing that may not recur. Cumulative gross ATM proceeds reached approximately $337.0M, or $331.8M net of commissions and fees, representing 14.1 million shares issued at a volume-weighted average price of approximately $23.91. Management expects capital expenditures to remain at or slightly above third-quarter levels through the first quarter of 2027 as it procures hardware for the Altus 2 through 5 satellites ahead of their planned 2028 deployment. Approximately $163M of capacity remains under the company's $500.0M ATM program. The $40.0M Stifel revolving credit facility remained undrawn at September 30 and matures on April 30, 2027.

2.0 Peer Benchmarking

The selected peer group comprises eight publicly traded companies with exposure to markets adjacent to Intuitive Machines' core operations: Rocket Lab, AST SpaceMobile, MDA Space, Firefly Aerospace, Redwire, Planet Labs, Voyager Technologies, and BlackSky Technology. The group is predominantly composed of New Space companies, with MDA Space representing the sole exception given its longer operating history and more established market position. Collectively, these companies provide exposure to satellite manufacturing, launch services, lunar transportation, space robotics, Earth observation, communications infrastructure, and satellite constellation operations. While no single company serves as a perfect comparable, the peer group provides a reasonable framework for assessing Intuitive Machines' relative valuation within the broader space infrastructure sector.

Unless otherwise noted, share prices, market capitalizations, and enterprise values are measured as of the November 17, 2026 market close, the valuation date used throughout this analysis. Balance sheet and income statement figures reflect each company's most recently reported quarter ended September 30, 2026, except Planet Labs, whose most recent fiscal quarter ended July 31, 2026. Enterprise value is calculated as market capitalization plus debt, excluding lease liabilities, less cash, cash equivalents, and short-term investments. FY26E revenue reflects the midpoint of each company's most recent management guidance.

MDA Space reports in Canadian dollars; its financial results and revenue guidance have been translated into U.S. dollars using the September 30, 2026 exchange rate of 1 CAD = 0.7026 USD.

Relative Valuation of Public Space Infrastructure Peers

EXHIBIT 2.1 — Valuation Multiples and Benchmarking

Company	Share Price	Shares Outstanding (M)	Market Cap. ($M)	Enterprise Value ($M)	FY26E Revenue ($M)*	EV / FY26E Rev	YoY Backlog Growth %
Intuitive Machines (LUNR)	11.04	232.4	2,566	2,439	935	2.61x	691.4%
Rocket Lab (RKLB)	55.05	632.0	34,793	30,188	982	30.73x	226.0%
AST SpaceMobile (ASTS)	27.59	390.1	10,763	12,057	175	68.90x	n/a
MDA Space (MDA)	27.45	162.2	4,452	3,519	1,353	2.60x	(10.1%)
Firefly Aerospace (FLY)	21.45	171.8	3,684	3,175	445	7.13x	31.0%
Redwire (RDW)	6.78	250.2	1,696	1,258	475	2.65x	74.2%
Planet Labs (PL)	12.49	363.8	4,544	4,127	436	9.48x	10.7%
Voyager Technologies (VOYG)	24.04	62.1	1,493	1,780	295	6.03x	293.4%
BlackSky Technology (BKSY)	21.90	41.4	907	914	145	6.30x	10.0%

Source: Company filings, public market data, consensus estimates, and independent calculations.

Valuation Statistics	Multiple
Peer Mean	16.73x
Peer Median	6.72x
Core Peer Mean (Excl ASTS & RKLB)	5.70x
LUNR Discount to Median	-61%
LUNR Discount to Core Mean	-54%

Exhibit 2.1 compares the peer group on Enterprise Value to FY26 estimated revenue, the preferred valuation metric for companies that remain in varying stages of profitability. Intuitive Machines trades at 2.61x FY26E revenue, essentially in line with MDA Space (2.60x) and Redwire (2.65x), and among the lowest multiples in the peer set. The upper end of the range is substantially higher, with Rocket Lab trading at 30.73x and AST SpaceMobile at 68.90x, lifting the peer mean to 16.73x. The peer median of 6.72x and core peer mean of 5.70x, which exclude Rocket Lab and AST SpaceMobile, provide more representative benchmarks. Relative to those measures, Intuitive Machines trades at discounts of approximately 61% and 54%, respectively.

Sector-wide multiple compression provides important context for Intuitive Machines' current valuation. Between our August 24, 2026 report and the November 17, 2026 valuation date, every company in the peer group experienced a share price decline, with a median decrease of 25.8%. The largest declines were recorded by AST SpaceMobile (55.7%), Planet Labs (42.1%), and Redwire (40.4%). Intuitive Machines (33.7%), Voyager Technologies (32.3%), Rocket Lab (19.4%), and BlackSky Technology (14.4%) also declined, while MDA Space (7.5%) and Firefly Aerospace (7.1%) were the most resilient.

Intuitive Machines' EV/FY26E revenue multiple contracted 35.9%, from 4.07x to 2.61x. The multiple declined faster than the share price because net cash increased following at-the-market issuance, reducing enterprise value relative to market capitalization. Despite the decline in valuation, quarterly revenue increased 30.6% and operating margin improved by approximately 10 percentage points over the same period. The broad-based decline across the peer group is consistent with recent sell-side commentary attributing target reductions primarily to sector multiple compression rather than company-specific deterioration in operating fundamentals.

Backlog growth provides additional context for the valuation comparison. Intuitive Machines reported the highest year-over-year backlog growth in the peer group at 691.4%, ahead of Voyager at 293.4% and Rocket Lab at 226.0%. The comparison is influenced by acquisitions, as $644.5M of the $1.65B increase in backlog since December 31, 2025 was acquired through the Lanteris and Goonhilly transactions. Even after considering acquired backlog, FY26E revenue of $935M ranks third in the peer group behind MDA Space at $1.35B and Rocket Lab at $982M, while the company trades at one of the lowest EV/revenue multiples in the group.

Some valuation discount relative to peers may be warranted given execution risk associated with lunar delivery programs, integration risk related to the Lanteris acquisition, and gross margins that remain below peer medians. Even so, the current valuation places Intuitive Machines near the bottom of the peer group despite revenue scale, backlog growth, and backlog size that compare favorably with many higher-valued peers. The following sections examine whether differences in operating performance, liquidity, and financial profile are sufficient to explain that gap.

Peer Financial Snapshot Comparison

EXHIBIT 2.2 — Balance Sheet Comparison

Represented in Thousands

Company	Cash	Current Assets	Total Assets	Current Liabilities	Total Liabilities
Intuitive Machines (LUNR)	463,810	840,494	2,235,401	567,207	1,208,760
Rocket Lab (RKLB)	4,447,665	5,252,925	6,568,707	614,118	766,137
AST SpaceMobile (ASTS)	2,798,911	3,076,707	6,770,248	225,382	4,607,657
MDA Space (MDA)	1,513,260	1,867,932	3,894,793	887,946	1,751,863
Firefly Aerospace (FLY)	409,285	715,384	1,581,959	312,487	438,433
Redwire (RDW)	488,866	721,621	1,898,603	172,008	289,468
Planet Labs (PL)	415,130	998,790	1,430,964	351,270	866,613
Voyager Technologies (VOYG)	553,613	687,866	1,592,272	234,412	1,223,402
BlackSky Technology (BKSY)	27,419	297,137	525,511	56,367	290,511
Peer Average	1,331,769	1,702,295	3,032,882	356,749	1,279,260
Peer Median	521,240	860,206	1,745,438	273,450	816,375

Source: Company 10-Q filings and independent calculations.

EXHIBIT 2.3 — Income Statement & Backlog Comparison

Represented in Thousands

Company	Revenue	Cost of Revenue	Op Expenses	Net Income (Loss)	Backlog
Intuitive Machines (LUNR)	269,348	200,046	103,551	(3,354)	1,867
Rocket Lab (RKLB)	267,834	177,763	169,260	(79,677)	3,573
AST SpaceMobile (ASTS)	42,321	25,314	185,712	(171,810)	1,300
MDA Space (MDA)	349,965	261,508	63,796	21,710	2,775
Firefly Aerospace (FLY)	110,682	85,385	126,875	(94,198)	1,674
Redwire (RDW)	109,035	73,813	61,491	(23,178)	620
Planet Labs (PL)	116,052	50,420	79,141	(9,353)	815
Voyager Technologies (VOYG)	88,715	78,484	72,134	(58,373)	742
BlackSky Technology (BKSY)	42,844	9,078	33,361	18,515	355
Peer Average	140,931	95,221	98,971	(49,545)	1,482
Peer Median	109,859	76,149	75,638	(40,776)	1,057

Source: Company 10-Q filings and independent calculations. Intuitive Machines and peer figures are presented as reported. Reported net loss for Intuitive Machines includes the one-time items detailed in Section 1 (Exhibit 1.5); peer figures are not adjusted for comparable items.

Intuitive Machines held $463.8M of cash and cash equivalents, ranking sixth among the nine companies in the comparison group and below the peer median of $521.2M. Current assets covered current liabilities 1.5x versus a peer median of 3.6x, while cash covered 0.8x of current liabilities compared with a median of 2.0x. The liability structure partially mitigates this comparison. Contract liabilities totaled $293.5M and represented more than half of current liabilities of $567.2M. Because these balances primarily represent customer advances that will be settled through future performance rather than near-term cash outflows, traditional liquidity ratios may not fully capture the company's operating flexibility. Total liabilities represented 54% of total assets, compared with a peer median of 50%, while total assets of $2.2B exceeded the peer median of $1.7B. The balance sheet is larger than most peers, although liquidity metrics remain below average and are partially offset by the significant contribution of customer advances within current liabilities.

The income statement reflects a company that has achieved significant scale but has not yet reached consistent profitability. Revenue of $269.3M ranked second among peers, trailing MDA Space at $350.0M and narrowly exceeding Rocket Lab at $267.8M, while remaining nearly double the peer average of $140.9M. Cost of revenue ($200.0M) and operating expenses ($103.6M) exceeded revenue by $34.2M, resulting in an operating loss that was smaller than those reported by Rocket Lab, Voyager, Firefly and AST SpaceMobile. The reported net loss of $3.4M compared favorably with the peer median loss of $40.8M, while only MDA Space and BlackSky reported positive net income of $21.7M and $18.5M, respectively. Backlog of approximately $1.9B ranked third among peers, trailing Rocket Lab with $3.6B and MDA Space with $2.8B. Backlog exceeded both the peer average of $1.5B and the peer median of $1.1B.

Peer Financial Metrics

EXHIBIT 2.4 — Financial Metrics

Company	Gross Margin %	Operating Margin %	Net Margin %	Current Ratio	Cash % Total Assets	Backlog / FY26E Rev
Intuitive Machines (LUNR)	25.7%	(12.7%)	(1.2%)	1.5	20.7%	2.0
Rocket Lab (RKLB)	33.6%	(29.6%)	(29.7%)	8.6	67.7%	3.6
AST SpaceMobile (ASTS)	40.2%	(398.6%)	(406.0%)	13.7	41.3%	7.4
MDA Space (MDA)	25.3%	7.0%	6.2%	2.1	38.9%	2.1
Firefly Aerospace (FLY)	22.9%	(91.8%)	(85.1%)	2.3	25.9%	3.8
Redwire (RDW)	32.3%	(24.1%)	(21.3%)	4.2	25.7%	1.3
Planet Labs (PL)	56.6%	(11.6%)	(8.1%)	2.8	29.0%	1.9
Voyager Technologies (VOYG)	11.5%	(69.8%)	(65.8%)	2.9	34.8%	2.5
BlackSky Technology (BKSY)	78.8%	0.9%	43.2%	5.3	5.2%	2.4
Average	37.6%	(77.2%)	(70.8%)	5.2	33.6%	3.1
Median	33.0%	(26.8%)	(25.5%)	3.6	31.9%	2.5

Source: Company 10-Q filings and independent calculations.

Gross margin remains below the peer median. At 25.7%, Intuitive Machines ranked sixth among the nine companies, below the peer median of 33.0% and average of 37.6%. Margin performance was more comparable to manufacturing-oriented peers such as MDA Space at 25.3% and Firefly at 22.9% than software and data-oriented companies such as BlackSky at 78.8% and Planet Labs at 56.6%.

Profitability remains a challenge across the peer group, with seven of nine companies reporting negative operating and net margins. Intuitive Machines' operating margin of (12.7)% and net margin of (1.2)% compare favorably with the peer medians of (26.8)% and (25.5)%, respectively. Only MDA Space and BlackSky reported positive net margins during the period.

Liquidity metrics rank below the peer median but remain supported by a significant customer advance balance. The current ratio of 1.5x compares with a peer median of 3.6x, while cash represented 20.7% of total assets compared with a peer median of 31.9%. Backlog equivalent to 2.0x FY26E revenue is below the peer median of 2.5x but still represents approximately two years of projected revenue.

Taken together, Exhibit 2.4 suggests that Intuitive Machines compares favorably on scale, operating performance, and net loss relative to much of the peer group, while gross margin and liquidity remain below peer medians.

3.0 Sell-Side Analyst Context

Exhibit 3.1 summarizes the most recent published research from the eleven sell-side firms covering Intuitive Machines. Ten firms publish price targets ranging from $13 (Bank of America) to $41 (Clear Street), with an average target of $27.40 and a median target of $28.00. Every published target exceeds the current share price of $11.04, implying upside ranging from approximately 18% to 271%. Ten of the eleven firms maintain Buy-equivalent ratings, while Bank of America is the sole Sell rating. Craig-Hallum maintains a Buy rating but does not publish a price target.

EXHIBIT 3.1 — Analyst overview

Firm	Analyst	Rating	Target	Date	Implied EV	Implied EV/FY26E Revenue
Canaccord Genuity	Austin Moeller	Buy	$38	11/16/26	8,704.3	9.31
KeyBanc	Michael Leshock	Buy	$30	11/13/26	6,845.1	7.32
Macquarie	Marni Lysaght	Buy	$20	11/13/26	4,521.1	4.84
Stifel Nicolaus	Jonathan Siegmann	Buy	$26	11/13/26	5,915.5	6.33
Roth Capital	Suji Desilva	Buy	$20	11/13/26	4,521.1	4.84
Clear Street	Gregory Pendy	Buy	$41	11/13/26	9,401.5	10.06
Bank of America	Ronald Epstein	Sell	$13	11/12/26	2,894.3	3.10
B. Riley Securities	Mike Crawford	Buy	$34	11/4/26	7,774.7	8.32
Cantor Fitzgerald	Andres Sheppard	Buy	$32	8/14/26	7,309.9	7.82
Deutsche Bank	Edison Yu	Buy	$20	7/31/26	4,521.1	4.84
Craig-Hallum	Jeff Van Rhee	Buy	N/A	7/15/26	N/A	N/A

Source: TipRanks and other public sources. Implied enterprise values and valuation multiples were independently calculated.

Valuation Statistics	Multiple
Average Target Price	$27.40
Median Target Price	$28.00
Average Implied EV/FY26E Rev Multiple	6.67
Median Implied Multiple	6.82

Direct comparison of published price targets is complicated by the limited disclosure of underlying valuation assumptions. While research reports generally discuss factors such as backlog growth, contract awards, management guidance, and execution risk, they rarely provide sufficient detail to directly compare valuation methodologies, discount rates, or target multiples.

To facilitate comparison, each published target was converted into an implied enterprise value using 232.4 million shares outstanding, long-term debt of $336.9M, and cash and cash equivalents of $463.8M. Implied enterprise values were then divided by FY26E revenue of $935M. On this basis, the published targets imply an average EV/FY26E revenue multiple of 6.67x and a median of 6.82x. Both figures are broadly consistent with the peer median multiple of 6.72x shown in Exhibit 2.1 and substantially above Intuitive Machines' current valuation of 2.61x EV/FY26E revenue. Even the lowest implied multiple, Bank of America's 3.10x, remains above the current trading multiple, while Clear Street's 10.06x exceeds every peer multiple in Exhibit 2.1 other than Rocket Lab and AST SpaceMobile.

Recency varies across the analyst group. Six of the ten published price targets were issued following the November 12 third-quarter earnings release, while Bank of America's target was published on the day of the release. Research from B. Riley, Cantor Fitzgerald, Deutsche Bank, and Craig-Hallum predates the quarter and therefore may not fully reflect the latest results. Recent target revisions have generally reflected multiple compression across the sector rather than company-specific deterioration in operating fundamentals.

The analyst community remains broadly constructive despite significant multiple compression in the shares. The average price target implies a valuation broadly consistent with peer median trading levels, while Intuitive Machines currently trades at a 61% discount to the peer median EV/FY26E revenue multiple. Although future target revisions remain possible, published sell-side targets continue to imply valuation levels materially above current trading levels.

4.0 Risks

The following section highlights the principal risks that could affect the investment thesis, financial performance, or valuation. While many of these risks are common across the space and defense industry, several became more prominent during the quarter or were newly disclosed in the Form 10-Q. The discussion below focuses on those risks most relevant to revenue growth, margin expansion, liquidity, execution, regulatory compliance, and long-term shareholder value.

Material weakness in internal control: Management disclosed a material weakness in internal control over financial reporting related to purchase accounting for the Lanteris acquisition. The deficiency involved review controls over valuation model inputs, significant assumptions, and the transfer of valuation results into the acquisition-date balance sheet. Although

management concluded that the financial statements were fairly presented and no material misstatement was identified, the weakness indicates that controls did not operate with sufficient precision to prevent or detect potential errors on a timely basis. Remediation efforts are ongoing and include enhanced review procedures, reconciliation controls, and additional technical accounting resources. The weakness will not be considered remediated until the enhanced controls have operated effectively for a sufficient period. The disclosure is particularly relevant given the Company's recent acquisitions, rapid growth, and expected transition to large accelerated filer status, all of which increase the complexity of financial reporting and internal control requirements.

Loss of emerging growth company status and first SOX 404 audit: The Company currently qualifies as an emerging growth company ("EGC"), which exempts it from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act. At the June 30, 2026 measurement date used under SEC rules to determine filer status, the Company's public float exceeded the $700M threshold for large accelerated filer status. With approximately 169.5M Class A shares outstanding and a share price of $21.39, public float was approximately $3.6B before excluding affiliate holdings. Accordingly, the Company is expected to become a large accelerated filer as of December 31, 2026. The fiscal 2026 Form 10-K would then require management's assessment of internal control over financial reporting under Section 404(a) and, for the first time, an independent auditor's opinion on those controls under Section 404(b). This risk is closely linked to the material weakness disclosed during the quarter. Only one quarter separates the disclosure of that weakness from year-end, which may limit the period during which remediated controls can operate and be tested. As a result, the Company could receive an adverse auditor opinion on internal controls in its first year of SOX 404(b) compliance, even if the underlying accounting issues are ultimately remediated. The loss of EGC status would also end exemptions related to say-on-pay votes and the extended transition period for adopting new accounting standards. The transition to large accelerated filer status is a common challenge for rapidly growing companies. Preparing for SOX 404 compliance often requires multiple years of investment in internal controls, documentation, testing, personnel, and governance processes. As Intuitive Machines integrates recent acquisitions and scales against a record backlog, the demands on its financial reporting and internal control environment are likely to increase materially.

Department of Justice investigation: On October 27, 2026, the Department of Justice served a Civil Investigative Demand on Intuitive Machines in connection with a False Claims Act investigation. Management describes the matter as preliminary, intends to cooperate fully, and is unable to predict the outcome or reasonably estimate any potential loss. The Form 10-Q does not identify the contracts, conduct, or time period under review, limiting investors' ability to assess the potential exposure. The matter is particularly relevant because the Company derives a substantial portion of its revenue from U.S. Government customers, and an adverse outcome could result in financial penalties, increased compliance costs, reputational damage, or restrictions affecting future government contracting opportunities. The investigation is separate from the October 2023 Department of Justice investigation into Lanteris' federal cybersecurity compliance. In that matter, the Department presented initial findings in late 2025, resolution discussions remain ongoing, and the seller, Vantor Holdings, has agreed to indemnify the Company.

Supply chain and production scaling: The Form 10-Q identifies manufacturing and production cost overruns, higher purchased-material costs, and unexpected supply chain quality issues or interruptions as factors that could adversely affect margins and program execution. While suppliers are primarily domestic and management does not expect tariffs to have a material impact over the next year, the Company's supply chain requirements are expanding rapidly alongside a record backlog. Advances to suppliers increased to $34.0M at September 30 from $3.4M at December 31, partly reflecting balances acquired through the Lanteris acquisition, and one supplier accounted for 15% of accounts payable at quarter-end. The Company also maintains long-term commitments for launch services and component development. With approximately $1.9B of backlog and management expecting 40%-45% of that backlog to convert to revenue during 2027, the timely availability of components, manufacturing capacity, and launch-related services is increasingly important to both revenue realization and margin expansion.

Customer credit risk: Hughes-affiliated entities filed for Chapter 11 protection on August 2, 2026, resulting in a $9.5M allowance for credit losses. The reserve consisted of $1.6M against trade receivables and $7.9M against Hughes-related orbital receivables, including a $30.3M receivable balance associated with orbital services. Unlike the legal and acquisition-related charges discussed elsewhere, management did not exclude the credit loss from adjusted EBITDA, suggesting it was viewed as an operating risk rather than a non-recurring adjustment. While the DISH DBS restructuring was completed on October 1, 2026 without additional credit losses identified, the bankruptcy proceedings remain ongoing and the Form 10-Q notes that additional collection delays or credit losses remain possible. One payment received before the Chapter 11 filing could also be subject to a bankruptcy preference claim, although no such claim has been asserted. The Company continues to perform under a satellite construction contract with an EchoStar-affiliated entity that was not included in either

bankruptcy filing, but the quarter demonstrated that customer concentration and counterparty credit risk can affect reported earnings and cash flow.

UK operations: The Goonhilly acquisition, completed on August 3, 2026, expands the Company's operational footprint into the United Kingdom, exposing it to additional legal and regulatory requirements, foreign currency fluctuations, tax considerations, and potential restrictions on the movement or repatriation of cash. Goonhilly must also be integrated into the Company's financial reporting, compliance, and internal control framework at a time when management is addressing a material weakness in internal control and preparing for potential large accelerated filer status. While the acquisition broadens the Company's capabilities and international presence, it also increases organizational complexity and execution risk.

Capital-intensive industry: The Company remains unprofitable despite substantial revenue growth. Third-quarter free cash flow was positive at $33.5M, but nine-month free cash flow remained $(112.3M), reflecting the capital requirements associated with scaling operations, integrating acquisitions, and supporting a growing backlog. Cash and cash equivalents totaled $463.8M at September 30, and approximately $163M of capacity remained under the Company's ATM program, providing meaningful near-term liquidity. However, management expects capital expenditures to remain at or above third-quarter levels through at least the first quarter of 2027 as hardware is procured for the Altus 2 through 5 satellites. If operating cash flow, contract collections, or profitability do not improve as expected, the Company may require additional external financing in the future. Any future equity issuance could be dilutive to existing shareholders.

Government contracting and budget risk: A significant portion of the Company's revenue, backlog, and growth opportunities depends on U.S. Government customers. Government contracts can generally be modified, delayed, or terminated for convenience, often with limited notice. In addition, federal budget uncertainty, including government shutdowns, continuing resolutions, debt ceiling disputes, and shifting administration or congressional priorities, can delay contract awards, program starts, milestone payments, and procurement decisions.

5.0 Outlook and Catalysts

Upcoming Awards (Catalysts & Milestones)

The following table summarizes selected contract opportunities, and potential awards that may serve as catalysts for Intuitive Machines over the next 12 to 24 months. The list incorporates opportunities identified through management commentary, public procurement disclosures, and independent analysis of programs that align with the company's technical capabilities and strategic objectives. Inclusion does not imply a likelihood of award but rather highlights opportunities for which Intuitive Machines appears competitively positioned to participate.

Contract / Award Name	Expected Date	Description
Commercial Lunar Payload Services ("CLPS") 1.0 Task Orders	Late 2026 / Early 2027	CLPS is NASA's program for buying commercial delivery services to the Moon under fixed-price task orders. IM has won six task orders to date and has three more bids awaiting award, which management expects to close out its CLPS 1.0 participation before task orders shift to CLPS 2.0. On November 7, 2026, NASA raised the CLPS 1.0 ceiling from $2.6B to $4.2B, with ordering open through November 2028 and deliveries through November 2033. Related opportunities include: • Lunar Orbiter Surveyor: CLPS task order for a commercial orbiter imaging service to replace the Lunar Reconnaissance Orbiter (LRO), which has mapped the Moon since 2009. IM already operates LRO's camera (LROC) under a $15.5M, three-year prime contract awarded in May 2026. (Late 2026 / Early 2027) • CP-32 DIMPLE: A delivery task order for the SwRI-led DIMPLE instrument suite, with a CLPS-provided lander and rover, to the Ina volcanic feature, to help determine how recently the Moon was volcanically active. Listed as an active planned procurement in NASA's March 2026 Ignition materials. (Early 2027)

Contract / Award Name	Expected Date	Description
		• Moon Base 'Survive the Night': Surviving the roughly 14-day lunar night is a NASA Moon Base Phase 1 priority. NASA has issued RFIs and a radioisotope power solicitation but has not announced night-survival awards; heater and hibernation demos may be bought through the power/avionics demo lander task order NASA has previewed or the Moon Base Capabilities RFI stream. IM holds about $2.4M of the 2023 $15M NASA Tipping Point award to the Zeno Power-led team developing an americium-241 Stirling generator, targeting a 2027 lunar demo. (TBD)
Space Force Andromeda SG-XX	Late 2026 / Early 2027	SG-XX is the Space Force's planned wide-area surveillance constellation in geosynchronous orbit (GEO), the follow-on to the classified SILENTBARKER satellites that scan GEO for objects. It complements RG-XX, which replaces the GSSAP "neighborhood watch" inspectors for close-in reconnaissance of specific objects. Both are bought through the $6.24B, 10-year Andromeda multi-award IDIQ, awarded in April 2026 to 14 companies chosen from 32 bids. The Space Force requested $370M for SG-XX in FY27, plans two YSG-XX prototypes in FY28, and targets a first launch in FY30.
Earth Re-entry Vehicle "Zephyr" Phase II Grant	Late 2026 / Early 2027	Zephyr is IM's Earth reentry vehicle, designed to bring cargo and space-manufactured products back from orbit. Critical Design Review and a Phase II grant award from the Texas Space Commission are the next milestones; the Phase II grant would fund a flight prototype. The dollars are small (the Phase I grant was up to $10M), but IM describes the program as a risk-reduction platform for future lunar sample return. NASA's Moon Base plan calls for uncrewed vehicles returning up to 500 kg of samples and hardware in Phase 3 (from about 2032).
Space Force SCAR AOI 3 – Antenna-as-a-Service	Early 2027	The Space Force reset its Satellite Communication Augmentation Resource (SCAR) program as a Commercial Solutions Opening issued through the Missile Defense Agency, after cancelling the ~$1.4B BlueHalo/AeroVironment BADGER contract in 2026. SCAR augments the aging 19-antenna Satellite Control Network used for DoD satellite telemetry, tracking and commanding. Area of Interest 3 covers antenna-as-a-service over shared commercial ground networks. White papers were due October 15, 2026, with awards expected in early 2027. Note the Goonhilly/COMSAT acquisition added 44 antennas that align with this model; IM has not publicly confirmed a submission.
Commercial Lunar Payload Services ("CLPS") 2.0 Task Orders	2027	CLPS 2.0 is NASA's follow-on to CLPS 1.0 for heavier, next-generation cargo landers, structured as a multi-award IDIQ with a $10B base ceiling and a $5B option. NASA selected IM in October 2026 as one of eight vendors, and a seat is required to bid on task orders. Management expects task orders to begin in 2027 and to include larger cargo landers (2–5 metric tons), potentially as block buys of several missions. Pricing for the heavier Nova-D and Nova-M missions should be well above the roughly $150M of current Nova-C task orders.
Space Force Andromeda RG-XX	2027	RG-XX is the Space Force's planned reconnaissance constellation in geosynchronous orbit (GEO), the follow-on to the GSSAP "neighborhood watch" inspectors that maneuver close to other satellites to monitor them. It complements SG-XX, which provides wide-area surveillance. Both are bought through the $6.24B, 10-year Andromeda multi-award IDIQ, awarded in April 2026 to 14 companies chosen from 32 bids. The Space Force requested $355M for RG-XX in FY27 and plans to launch the satellites in three increments, from early FY29 to late FY30. IM has submitted its proposal, and on the Q3 call management said award timing is now in the government's hands.
Lunar Terrain Vehicle ("LTV") On-Ramp	Late 2027	NASA plans an on-ramp RFP in 2027 to widen the vendor pool for Phase 2 LTVs, with task-order competitions expected every 18–24 months as Moon Base mobility needs grow across exploration, site preparation, and logistics. IM retains its rover industrial team (Boeing, Michelin, Northrop, AVL), $30M of NASA-funded feasibility work, and the unique ability to self-deliver rovers on its own landers but faces incumbents with a two-year head start.

Contract / Award Name	Expected Date	Description
TDRS S-Band Backward-Compatible Relay	Solicitation pending	TDRS S-band is the second piece of NASA's transition of users of its aging Tracking and Data Relay Satellite (TDRS) system to commercial relay services. The first piece, Project NEXUS, sought a backward-compatible Ka-band relay; NASA awarded three Phase I contracts worth up to $1.07B combined to Astranis, Global Enterprise Solutions (SES) and Viasat in November 2026. Management said on the Q3 call that the S-band solicitation is expected in the near future and that IM will participate. IM's relay satellites and the Goonhilly/COMSAT ground network position it for the opportunity.
Orbital Data Center / High-Power Compute Satellites	TBD	On the Q3 call, management said it has studied how to power and thermally manage high-power satellites for edge compute and orbital data center applications throughout the year. It is currently in a design study to scale production of satellites for orbital data centers. It ties the opportunity to its IM 1300 platform (over 25 satellites producing 20 kW-plus in orbit) and its work scaling the SR-1 spacecraft beyond 60 kW. Management called in-space compute an early-stage opportunity and said it is aligning investment with funded demand. It expects to be positioned to serve the market once demand picks up.
NextSTEP-3 Appendix B – Moon Base Demonstrations	TBD (Rolling)	NextSTEP-3 Appendix B is NASA's Multiple Award Task Order Contract for industry-led Moon Base Demonstrations. The purpose is to acquire prototype demonstrations and special topic efforts that address critical architecture gaps identified for the lunar Moon Base. Awards will focus on the integration, demonstration, and maturation of concepts that have progressed beyond early component technology development. Note IM won the predecessor Appendix R lunar logistics study.
MDA SHIELD Task Orders (Golden Dome)	TBD (Rolling)	SHIELD (Scalable Homeland Innovative Enterprise Layered Defense): MDA's $151B-ceiling multiple-award IDIQ, the primary contracting engine for Golden Dome. Seats awarded in mass tranches (1,014 on Dec 2, 2025; 1,086 more after), a seat conveys no revenue; all economics flow through task orders across sensors, interceptors, C2 integration, and the space layer. Both IM and Lanteris were reportedly awarded seats, making them eligible to bid on task orders.
Lunar Reactor-1 ("LR-1") / Fission Surface Power	TBD	Lunar Reactor-1 (LR-1) is NASA's planned fission power system, the first reactor on the lunar surface, targeted for delivery in 2030. NASA is buying it through SPARC (Space Power and Reactor Capabilities), a multiple-award IDIQ for space nuclear systems. On August 30, 2026, NASA posted the draft solicitation, which pairs SPARC with an LR-1 Phase 1 task order for a 20 kWe flight system designed for five years of continuous operation. NASA intends to award SPARC and the LR-1 Phase 1 task order(s) at the same time, and it reserves the right to make zero, one or multiple awards. IM and X-energy were one of three teams awarded $5M design contracts for fission surface power in 2022, and IM's work on SR-1 adds high-power spacecraft integration experience.

Source: Company disclosures, earnings calls, government procurement documents, and independent research.

Appendix I: Financial Statements

EXHIBIT A1.1 – Income Statement (Historical)

Represented in Thousands, Except Per Share and Share Amounts

	Sept 2025	Dec 2025	Mar 2026	Jun 2026	Sept 2026
Revenues:					
Product revenue	-	-	141,554	166,735	215,118
Service revenue	50,987	43,308	42,076	36,677	54,138
Grant revenue	1,450	1,477	3,100	2,756	92
Total revenues	52,437	44,785	186,730	206,168	269,348
Operating expenses:					
Cost of product revenue	-	-	113,913	119,328	152,588
Cost of service revenue	39,574	31,242	33,660	41,126	39,595
Cost of grant revenue	1,459	-	3,101	2,760	101
Cost of service revenue - affiliated companies	5,736	5,055	5,949	7,088	7,762
Total cost of revenues	46,769	36,297	156,623	170,302	200,046
Depreciation and amortization	815	1,407	13,048	14,927	13,180
Research and development	3,957	(911)	5,589	7,729	7,458
General and administrative expense	16,315	41,087	50,671	60,346	82,913
Total operating expenses	67,856	77,880	225,931	253,304	303,597
Operating loss	(15,419)	(33,095)	(39,201)	(47,136)	(34,249)
Other income (expense), net:					
Interest income	4,833	5,592	1,431	1,476	2,963
Interest expense	(1,344)	(2,747)	(4,885)	(4,483)	(4,532)
Change in fair value of earn-out liabilities	-	-	-	-	-
Change in fair value of warrant liabilities	1,950	(23,535)	(9,422)	(11,622)	30,010
Change in fair value of contingent consideration liabilities	-	(1,854)	(521)	(890)	3,618
Other income, net	25	1	72	(178)	(1,164)
Total other income (expense), net	5,464	(22,603)	(13,325)	(15,697)	30,895
Loss before income taxes	(9,955)	(55,698)	(52,526)	(62,833)	(3,354)
Income tax expense	(5)	(3,957)	(2)	(8)	-
Net loss	(9,960)	(59,655)	(52,528)	(62,841)	(3,354)
Net income (loss) attributable to redeemable NCI	(3,445)	(20,115)	(15,484)	(16,781)	256
Net income attributable to noncontrolling interest	327	335	343	385	406
Net loss attributable to the Company	(6,842)	(39,875)	(37,387)	(46,445)	(4,016)
Less: Preferred dividends	(158)	(160)	(162)	(167)	(173)
Net loss attributable to Class A common shareholders	(7,000)	(40,035)	(37,549)	(46,612)	(4,189)
Net loss per share					
Net loss per share of Class A common stock - basic and diluted	(0.06)	(0.73)	(0.25)	(0.29)	(0.02)
Weighted-average common shares outstanding					
Weighted average shares outstanding - basic and diluted	117,815,856	115,426,620	147,878,006	162,172,470	173,425,260

Source: Company Forms 10-Q and Form 10-K.

EXHIBIT A1.2 – Balance Sheet (Historical)

Represented in Thousands

	Sept 2025	Dec 2025	Mar 2026	Jun 2026	Sept 2026
ASSETS					
Current assets					
Cash and cash equivalents	621,975	582,606	231,624	367,354	463,810
Restricted cash	2,042	2,733	11,741	11,668	13,171
Trade and other receivables, net	23,326	12,193	105,788	119,670	113,528
Contract assets	10,175	12,236	48,022	50,992	120,259
Inventory, net	-	-	57,873	59,941	70,622
Advances to suppliers	-	3,353	25,896	32,558	34,041
Prepaid and other current assets	8,466	5,693	24,334	20,637	25,063
Total current assets	665,984	618,814	505,278	662,820	840,494
Orbital receivables, non-current	-	-	217,518	209,833	208,246
Property and equipment, net	49,470	68,550	244,220	264,626	326,732
Intangible assets, net	-	12,968	304,130	297,069	274,866
Goodwill	-	18,697	379,840	379,216	406,653
Operating lease right-of-use assets	36,741	36,755	66,032	72,704	175,069
Finance lease right-of-use assets	102	94	86	78	70
Deferred income taxes	-	-	-	-	-
Other assets	1,233	1,276	843	935	3,271
Total assets	753,530	757,154	1,717,947	1,887,281	2,235,401
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities					
Accounts payable and accrued expenses	15,719	22,199	89,335	64,603	139,210
Accounts payable - affiliated companies	2,226	1,723	2,405	2,870	5,368
Contract liabilities, current	66,158	57,368	205,575	215,518	293,506
Operating lease liabilities, current	6,252	10,466	27,698	25,104	25,023
Finance lease liabilities, current	42	48	33	27	20
Other current liabilities	15,624	33,028	90,416	91,709	104,080
Total current liabilities	106,021	124,832	415,462	399,831	567,207
Long-term debt, net	334,827	335,335	335,844	336,352	336,860
Contract liabilities, non-current	1,636	6,341	2,731	4,065	1,196
Pension and other postretirement benefits	-	-	52,030	48,739	43,049
Operating lease liabilities, non-current	30,081	26,290	62,793	68,298	147,659
Finance lease liabilities, non-current	38	20	24	19	14
Warrant liabilities	36,859	60,394	69,816	81,438	51,428
Other non-current liabilities	239	240	48,092	37,023	61,347
Total liabilities	509,701	553,452	986,792	975,765	1,208,760
Commitments and contingencies (Note 18)					
MEZZANINE EQUITY					
Series A preferred stock	6,451	6,613	6,776	6,945	7,120
Redeemable noncontrolling interests	640,660	951,536	1,057,816	1,194,653	783,728
SHAREHOLDERS' EQUITY (DEFICIT)					
Class A common stock, $ 0.0001 par value	12	12	16	17	18
Class B common stock, $ 0.0001 par value	-	-	-	-	-
Class C common stock, $ 0.0001 par value	6	6	6	6	6
Treasury stock, at cost, 2,191,080 shares	(33,525)	(33,525)	(33,525)	(33,525)	(33,525)
Paid-in capital	-	-	-	-	-
Accumulated earnings (deficit)	(370,667)	(721,457)	(300,794)	(257,147)	268,336

Accumulated other comprehensive loss	-	-	-	-	(15)
Total shareholders' equity (deficit) attributable to the Company	(404,174)	(754,964)	(334,297)	(290,649)	234,820
Noncontrolling interests	892	517	860	567	973
Total shareholders' equity (deficit)	(403,282)	(754,447)	(333,437)	(290,082)	235,793
Total liabilities, mezzanine equity and shareholders' equity (deficit)	753,530	757,154	1,717,947	1,887,281	2,235,401

Source: Company Forms 10-Q and Form 10-K.

Appendix II: FS Variance Analysis

EXHIBIT A2.1 – Income Statement (QoQ Variances)

Represented in Thousands

	Sept 2026	Jun 2026	$ Change	% Change	Commentary
Revenues:					
Product revenue	215,118	166,735	48,383	29%	Commercial satellite contracts accounted for $28.4M of the increase ($92.9M vs. $64.5M), while national security contracts increased $9.8M ($67.6M vs. $57.8M) and civil contracts increased $10.1M ($54.5M vs. $44.4M). Revenue from the Company's spacecraft manufacturing business is recognized over time using a cost-to-cost methodology, and the increase was generally consistent with the $33.3M increase in manufacturing costs incurred during the quarter.
Service revenue	54,138	36,677	17,461	48%	The increase was driven primarily by the IM-5 lunar delivery mission, which recognized $12.9M of revenue during the quarter following NASA's award in June 2026. Because nine-month IM-5 revenue also totaled $12.9M, the third quarter represented the first period of revenue recognition under the contract. Goonhilly contributed approximately $2.5M of revenue in its first quarter of consolidation following the August 3, 2026 acquisition. These increases were partially offset by lower IM-6 revenue, which declined to $0.4M from $0.8M in the prior quarter.
Grant revenue	92	2,756	(2,664)	-97%	The decline reflects the completion of the Texas Space Commission grant supporting development of the Earth reentry vehicle. The grant's final budget period ended on June 30, 2026, reducing grant-related revenue recognition to nominal levels as the program entered the close-out process.
Total revenues	269,348	206,168	63,180	31%	Not Applicable - Subtotal
Operating expenses:					
Cost of product revenue	152,588	119,328	33,260	28%	Higher costs incurred on satellite manufacturing programs were the primary driver of the increase. Commercial satellite contract costs rose $28.6M ($74.6M vs. $46.0M) and national security contract costs rose $7.2M ($53.8M vs. $46.6M), partially offset by a $2.5M decrease in civil contract costs ($24.2M vs. $26.7M). Cost growth generally tracked the increase in product revenue, reflecting the cost-to-cost accounting methodology used for spacecraft manufacturing contracts.
Cost of service revenue	39,595	41,126	(1,531)	-4%	Lower contract loss provisions were the primary driver of the decline. Net losses on customer contracts fell to $4.1M in the third quarter from $19.8M in the second quarter, as the IM-4 mission, which drove most of the first-half cost revisions, recorded only $1.4M of additional contract losses during the quarter. This benefit was largely offset by costs incurred on the IM-5 mission, which entered its first quarter of revenue recognition, and higher amortization of deferred launch-service contract costs ($11.5M vs. $7.1M).
Cost of grant revenue	101	2,760	(2,659)	-96%	The decline reflects the completion of the Texas Space Commission grant supporting development of the Earth reentry vehicle. The grant's final budget period ended on June 30, 2026, and both revenue and associated costs declined as the program entered the close-out process.
Cost of service revenue - affiliated companies	7,762	7,088	674	10%	Increase was driven by higher OMES III subcontract costs, with KBR-related costs rising to $7.4M from $6.6M. Costs incurred with Aerodyne were unchanged at approximately $0.4M.
Total cost of revenues	200,046	170,302	29,744	17%	Not Applicable - Subtotal
Depreciation and amortization	13,180	14,927	(1,747)	-12%	Lower amortization expense was the primary driver of the decline. Amortization of acquired intangibles fell to $5.2M from $7.1M, while depreciation remained essentially unchanged at $8.0M compared with $7.9M. The reduction was primarily attributable to the third-quarter measurement-period adjustment to the Lanteris acquisition accounting, which reduced the carrying value of customer relationship intangible assets by approximately $28.0M.
Research and development	7,458	7,729	(271)	-4%	Immaterial.
General and administrative expense	82,913	60,346	22,567	37%	The Company recorded $10.3M of non-recurring legal expense, while aggregate legal accruals increased to $13.1M at September 30 from $2.8M at June 30, including amounts related to the Starlight preferred stock litigation. The Company also recorded a $9.5M allowance for credit losses on Hughes-affiliated receivables following the Chapter 11 filing of Hughes entities on August 2, 2026. In addition, acquisition-related transaction and integration costs increased to $9.6M from

					$7.9M, including approximately $2.0M related to Goonhilly, while share-based compensation remained essentially unchanged at $10.6M compared with $10.5M.
Total operating expenses	303,597	253,304	50,293	20%	Not Applicable - Subtotal
Operating loss	(34,249)	(47,136)	12,887	-27%	Not Applicable - Subtotal
Other income (expense), net:					
Interest income	2,963	1,476	1,487	101%	Interest income nearly doubled as the Company's average cash balances increased following ATM issuances that raised $235.2M in June 2026 and an additional $96.5M during the third quarter. Cash and cash equivalents increased to $463.8M at September 30 from $367.4M at June 30, generating higher income on interest-bearing deposit accounts, money market funds, and certificates of deposit.
Interest expense	(4,532)	(4,483)	(49)	1%	Interest expense was essentially unchanged as interest on the 2.5% Convertible Notes, the primary component of interest expense, remained approximately $2.7M in both quarters, including roughly $0.5M of debt discount and issuance cost amortization.
Change in fair value of earn-out liabilities	-	-	-	0%	Not Applicable - Zero Balance
Change in fair value of warrant liabilities	30,010	(11,622)	41,632	-358%	The favorable variance reflects remeasurement of the 4,150,780 Conversion Series A warrants, which are valued using a Black-Scholes-Merton model driven primarily by the Company's share price and expected volatility. The share price declined to $14.24 at September 30 from $21.39 at June 30, while expected volatility decreased to 103% from 115%, resulting in a $30.0M non-cash gain in the third quarter compared with an $11.6M non-cash loss in the second quarter. Because the warrants are liability-classified, decreases in their fair value are recognized as gains in earnings.
Change in fair value of contingent consideration liabilities	3,618	(890)	4,508	-507%	The favorable variance reflects remeasurement of the KinetX contingent consideration liability, which is tied to the value of escrowed Class A shares. The liability declined to $3.1M from $6.8M as 95,324 shares were released from escrow and the Class A share price fell to $14.24 from $21.39. As a result, the Company recorded a $3.6M non-cash gain in the third quarter compared with a $0.9M non-cash loss in the second quarter.
Other income, net	(1,164)	(178)	(986)	554%	Immaterial
Total other income (expense), net	30,895	(15,697)	46,592	-297%	Not Applicable - Subtotal
Loss before income taxes	(3,354)	(62,833)	59,479	-95%	Not Applicable - Subtotal
Income tax expense	-	(8)	8	-100%	Immaterial
Net loss	(3,354)	(62,841)	59,487	-95%	Not Applicable - Subtotal
Net income (loss) attributable to redeemable NCI	256	(16,781)	17,037	-102%	The favorable variance reflects the allocation of Intuitive Machines, LLC results to holders of redeemable noncontrolling interests. The allocation shifted to $0.3M of income in the third quarter from a $16.8M loss in the second quarter as the Company's consolidated net loss narrowed to $3.4M from $62.8M. The ownership interest represented by LLC common units held by legacy owners also declined to 23.7% at September 30 from 24.8% at June 30.
Net income attributable to noncontrolling interest	406	385	21	5%	Immaterial
Net loss attributable to the Company	(4,016)	(46,445)	42,429	-91%	Not Applicable - Subtotal
Less: Preferred dividends	(173)	(167)	(6)	4%	Immaterial
Net loss attributable to Class A common shareholders	(4,189)	(46,612)	42,423	-91%	Not Applicable - Subtotal
Net loss per share					
Net loss per share of Class A common stock - basic and diluted	(0.02)	(0.29)	0.27	-93%	See above
Weighted-average common shares outstanding					

Weighted average shares outstanding - basic and diluted	173,425,260	162,172,470	11,252,790	7%	See above

Source: Company filings, earnings releases, earnings call transcripts, and management disclosures; variance calculations and commentary were independently prepared by the author.

EXHIBIT A2.2 – Balance Sheet (QoQ Variances)

Represented in Thousands

	Sept 2026	Jun 2026	$ Change	% Change	Commentary
ASSETS					
Current assets					
Cash and cash equivalents	463,810	367,354	96,456	26%	Cash increased primarily due to $96.5M of net proceeds from the ATM Program and $66.2M of operating cash flow generated during the quarter. These inflows were partially offset by $32.7M of capital expenditures, $17.8M of net cash consideration paid for the Goonhilly acquisition, $8.9M of debt repaid following the acquisition, and $5.1M of securitization facility settlements.
Restricted cash	13,171	11,668	1,503	13%	Immaterial.
Trade and other receivables, net	113,528	119,670	(6,142)	-5%	Lower orbital and grant receivables were the primary drivers of the decline. Current orbital receivables decreased by $6.3M ($32.1M vs. $38.5M), while grant receivables declined by $5.3M to zero as the Texas Space Commission grant reached the end of its period of performance on June 30, 2026 and entered the close-out process. The allowance for credit losses increased to $5.6M from $3.7M, including a $1.6M reserve recorded against Hughes-related trade receivables. These decreases were partially offset by a $7.4M increase in trade receivables ($87.0M vs. $79.6M), including approximately $2.8M acquired through the Goonhilly acquisition.
Contract assets	120,259	50,992	69,267	136%	Deferred contract costs related to subcontracted launch services were the primary driver of the increase. Deferred contract costs increased to $90.4M from $0.1M and were accompanied by a $68.5M increase in accrued launch costs included within current contract liabilities. Purchases under long-term launch service and component commitments also increased to $35.9M from $1.7M. These increases were partially offset by a $21.0M decline in unbilled receivables ($29.9M vs. $50.9M), including a $13.9M decrease in Lanteris unbilled receivables ($12.1M vs. $26.0M).
Inventory, net	70,622	59,941	10,681	18%	The increase was driven entirely by higher work-in-process inventory, which rose $13.2M to $36.7M. This increase was partially offset by a $2.5M decline in raw materials inventory to $34.0M. Inventory consists primarily of parts and subassemblies used in satellite manufacturing.
Advances to suppliers	34,041	32,558	1,483	5%	Immaterial.
Prepaid and other current assets	25,063	20,637	4,426	21%	The increase primarily reflects $3.7M of prepaid and other current assets acquired with Goonhilly on August 3, 2026.
Total current assets	840,494	662,820	177,674	27%	Not Applicable - Subtotal
Orbital receivables, non-current	208,246	209,833	(1,587)	-1%	The decline reflects the $7.9M allowance for expected credit losses recorded against Hughes-related orbital receivables and collections during the quarter. These decreases were largely offset by a $6.0M measurement-period adjustment to the Lanteris acquisition accounting that increased acquired orbital receivables.
Property and equipment, net	326,732	264,626	62,106	23%	Capital investment and acquisition activity were the primary drivers of the increase. Property and equipment acquired through the Goonhilly acquisition added $19.9M, while a Lanteris measurement-period adjustment added a further $2.9M. Capitalized communications satellites and ground network assets supporting the NASA Near Space Network contract increased $40.3M to $126.5M despite $8.0M of depreciation recognized during the quarter. Cash capital expenditures totaled $32.7M, and accrued capital expenditures increased to $28.9M from $11.4M, reflecting continued investment in infrastructure and network assets.
Intangible assets, net	274,866	297,069	(22,203)	-7%	The decline was driven primarily by a $28.0M Lanteris measurement-period adjustment recorded during the quarter, which reduced the fair value assigned to acquired customer relationship intangible assets from $138.0M to $110.0M. Intangible assets were further reduced by $5.2M of

					amortization expense. These decreases were partially offset by approximately $11.0M of intangible assets acquired through the Goonhilly acquisition, consisting of customer relationships ($9.3M), trade name ($1.1M), and developed technology ($0.6M).
Goodwill	406,653	379,216	27,437	7%	The increase reflects acquisition activity and purchase price allocation adjustments. Goodwill recognized in the Goonhilly acquisition, together with a $17.3M increase from Lanteris measurement-period adjustments, more than offset the absence of impairment charges during the quarter. The Lanteris adjustments were driven primarily by revisions to acquired liabilities and other opening balance sheet estimates.
Operating lease right-of-use assets	175,069	72,704	102,365	141%	The increase reflects remeasurement of the Company's operating lease portfolio. The primary driver was the July 2026 amendment of the Palo Alto lease, which extended the lease term by 17 years to July 2043 and resulted in a remeasured right-of-use asset of approximately $108.1M. Lease modifications increased right-of-use assets by $76.5M during the quarter, new leases added $7.5M, and a Lanteris measurement-period adjustment contributed a further $23.2M.
Finance lease right-of-use assets	70	78	(8)	-10%	Immaterial.
Deferred income taxes	-	-	-	0%	Not Applicable - Zero Balance
Other assets	3,271	935	2,336	250%	Immaterial.
Total assets	2,235,401	1,887,281	348,120	18%	Not Applicable - Subtotal
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities					
Accounts payable and accrued expenses	139,210	64,603	74,607	115%	The increase was driven primarily by higher operating payables and accrued expenses, which increased by $54.2M during the quarter. Accrued capital expenditures also increased by $17.4M to $28.9M, while the Goonhilly acquisition added approximately $3.0M of assumed payables. Purchases under long-term launch service and component commitments increased to $35.9M from $1.7M, consistent with the increases in accrued launch costs and deferred launch contract costs recorded elsewhere on the balance sheet.
Accounts payable - affiliated companies	5,368	2,870	2,498	87%	The increase primarily reflects higher amounts owed under the OMES III contract. Payables to KBR increased to $5.1M from $2.7M, consistent with higher OMES III subcontract costs incurred during the quarter ($7.4M vs. $6.6M). Amounts owed to Aerodyne increased modestly to $0.3M from $0.1M.
Contract liabilities, current	293,506	215,518	77,988	36%	The increase was driven primarily by accrued launch costs, which rose by $68.5M to $70.6M and correspond with the increase in deferred launch contract costs recorded within contract assets. Deferred revenue increased by $9.1M to $211.1M, including approximately $1.1M of contract liabilities assumed through the Goonhilly acquisition. Contract loss provisions remained broadly unchanged at $11.8M, as a higher IM-4 provision ($8.3M vs. $7.3M) was largely offset by a lower IM-3 provision ($2.9M vs. $4.2M).
Operating lease liabilities, current	25,023	25,104	(81)	0%	Immaterial.
Finance lease liabilities, current	20	27	(7)	-26%	Immaterial.
Other current liabilities	104,080	91,709	12,371	13%	Higher accrued compensation, professional fees, and interest accruals were the primary drivers of the increase. Accrued compensation and benefits increased by $9.9M to $39.0M, while professional fee accruals increased by $8.7M to $13.6M. Interest payable on the Convertible Notes increased by $2.2M as interest accrues semiannually between payment dates. These increases were partially offset by a $3.6M reduction in the KinetX contingent consideration liability following the decline in the Company's share price and the release of escrow shares, a $2.2M decrease in program cost accruals, a $1.7M decrease in commercial insurance financing obligations, and a $1.3M decrease in current securitization liabilities.
Total current liabilities	567,207	399,831	167,376	42%	Not Applicable - Subtotal
Long-term debt, net	336,860	336,352	508	0%	Immaterial.

Contract liabilities, non-current	1,196	4,065	(2,869)	-71%	The decline was driven by reductions in both the non-current IM-4 contract loss provision and deferred revenue. The non-current IM-4 loss provision decreased to $0.7M from $2.4M, while non-current deferred revenue declined to $0.5M from $1.6M.
Pension and other postretirement benefits	43,049	48,739	(5,690)	-12%	The pension liability declined primarily due to employer contributions and favorable pension accounting. Employer contributions totaled $5.1M during the quarter, while net periodic pension benefit recognized in earnings was a $0.8M credit as the expected return on plan assets exceeded interest and service cost.
Operating lease liabilities, non-current	147,659	68,298	79,361	116%	The increase was driven primarily by the July 2026 amendment of the Palo Alto lease, which extended the lease term to July 2043 and resulted in a remeasured lease liability of approximately $108.1M. Non-current operating lease liabilities associated with Lanteris increased to $116.9M from $41.4M, partially offset by a $3.1M measurement-period adjustment that reduced lease liabilities recognized in the acquisition accounting.
Finance lease liabilities, non-current	14	19	(5)	-26%	Immaterial.
Warrant liabilities	51,428	81,438	(30,010)	-37%	The decline reflects the remeasurement of the Company's liability-classified Conversion Series A warrants. The warrant liability decreased to $51.4M from $81.4M as the Class A share price declined to $14.24 at September 30 from $21.39 at June 30 and expected volatility decreased to 103% from 115%. The resulting reduction in fair value corresponds with the $30.0M non-cash gain recognized in the statement of operations during the quarter.
Other non-current liabilities	61,347	37,023	24,324	66%	The increase was driven primarily by acquisition-related liabilities. Lanteris measurement-period adjustments increased other non-current liabilities by $21.9M, primarily reflecting the recognition of $27.7M of on-orbit support and monitoring obligations in place of previously estimated warranty and orbital anomaly support reserves. The Goonhilly acquisition added approximately $5.2M of deferred tax liabilities, while other accrued liabilities increased by $6.0M. These increases were partially offset by a $3.8M decline in non-current securitization liabilities to $22.4M.
Total liabilities	1,208,760	975,765	232,995	24%	Not Applicable - Subtotal
Commitments and contingencies (Note 18)					
MEZZANINE EQUITY					
Series A preferred stock	7,120	6,945	175	3%	Immaterial.
Redeemable noncontrolling interests	783,728	1,194,653	(410,925)	-34%	The decline reflects the quarterly remeasurement of redeemable noncontrolling interests to redemption value. Because Intuitive Machines, LLC common units are exchangeable for Class A shares on a one-for-one basis, the redemption value moves with the Class A share price. The balance declined to $783.7M (55.0M units at $14.24) from $1.19B (55.9M units at $21.39), reflecting both the lower share price and the exchange of 813,940 LLC units for Class A shares during the quarter. Q3 income allocated to redeemable noncontrolling interests of $0.3M partially offset the decrease.
SHAREHOLDERS' EQUITY (DEFICIT)					
Class A common stock, $ 0.0001 par value	18	17	1	6%	Immaterial.
Class B common stock, $ 0.0001 par value	-	-	-	0%	Not Applicable - Zero Balance
Class C common stock, $ 0.0001 par value	6	6	-	0%	Not Applicable – No Change.
Treasury stock, at cost, 2,191,080 shares	(33,525)	(33,525)	-	0%	Not Applicable – No Change.
Paid-in capital	-	-	-	0%	Not Applicable - Zero Balance
Accumulated earnings (deficit)	268,336	(257,147)	525,483	-204%	The increase reflects the accounting treatment of redeemable noncontrolling interests. A $529.5M portion of the $648.2M remeasurement to redemption value was recorded through accumulated earnings (deficit), while the remaining $118.3M was charged against additional paid-in capital, which remained at zero. These increases were partially offset by the $4.0M net loss attributable to

					the Company during the quarter. As a result, the balance moved from an accumulated deficit of $257.1M at June 30 to accumulated earnings of $268.3M at September 30.
Accumulated other comprehensive loss	(15)	-	(15)	n/m	Immaterial.
Total shareholders' equity (deficit) attributable to the Company	234,820	(290,649)	525,469	-181%	Not Applicable - Subtotal
Noncontrolling interests	973	567	406	72%	Immaterial.
Total shareholders' equity (deficit)	235,793	(290,082)	525,875	-181%	Not Applicable - Subtotal
Total liabilities, mezzanine equity and shareholders' equity (deficit)	2,235,401	1,887,281	348,120	18%	Not Applicable - Subtotal

Source: Company filings, earnings releases, earnings call transcripts, and management disclosures; variance calculations and commentary were independently prepared by the author.