

LAUNCHSPACE TECHNOLOGIES CORP
FINANCIAL STATEMENTS (UNAUDITED)
AS AT DECEMBER 31, 2019

Marvin Koenigsberg
Certified Public Accountant

Marvin Koenigsberg CPA

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August 18, 2021

To the Board of Directors of
Launchspace Technologies Corp

We have reviewed the accompanying balance sheet of Launchspace Technologies Corp as of December 31, 2019 and the related statement of income and cash flows for the period then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Launchspace Technologies Corp

A review consists principally of inquiries of the Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



LAUNCHSPACE TECHNOLOGIES CORP

BALANCE SHEET (UNAUDITED)
DECEMBER 31, 2019

ASSETS

Current Assets:			
Cash in Bank		\$ <u>692</u>	
Total Current Assets			\$ <u>692</u>
Other Assets:			
AMORTIZABLE COSTS		\$ 1,500	
ACCUMULATED AMORTIZATI		<u>-975</u>	
Total Other Assets			<u>525</u>
TOTAL ASSETS			<u>\$ 1,217</u>

LIABILITIES

Current Liabilities:			
LOANS- SHAREHOLDER		\$ <u>254,421</u>	
Total Current Liabilities			\$ <u>254,421</u>
TOTAL LIABILITIES			<u>254,421</u>

EQUITY

Common Stock		\$ 297,037	
Retained Earnings		-306,930	
Year to Date Earnings		<u>-243,311</u>	
Total Stockholder's Equity			<u>-253,204</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY			<u>\$ 1,217</u>

See Accountant's Review Report and Notes

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF INCOME (UNAUDITED)

STATEMENT OF INCOME
Period: YEAR ENDED DECEMBER 31, 2019

Income:			
Gross Sales	\$	<u>0</u>	
Gross Income			\$ 0
Operating Expenses:			
Advertising		6,888	
Amortization		300	
Auto and Truck Expense		12,000	
Dues and Subscriptions		1,291	
Entertainment		220	
Insurance		4,626	
Legal and Professional		23,835	
Office Expense		44,082	
Outside Services		101,478	
Travel		17,712	
Education & Training		6,817	
Conferences		19,027	
Moving Expenses		<u>5,035</u>	
Total Operating Expenses			<u>243,311</u>
Net Operating Income (Loss)			<u>-243,311</u>
NET INCOME (LOSS)			<u>\$ -243,311</u>

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019

	Common Stock	Accumulated Deficit
Balance January 1, 2019	1500	-306,930
Net Loss		-243,311
Balance December 31, 2019	1500	-550,241
No Additional Paid- In Capital		

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF CASH FLOWS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019

<u>Cash Flows From Operating Activities</u>	
Net Income	-243,311
<u>Adjustment to Reconcile Net Income to Net Cash</u> <u>Provided by Operating Activities</u>	
Amortization	300
<u>Changes in Assets and Liabilities</u>	
Increase in Loans Payable Shareholders	214,200
<u>Total Adjustments</u>	214,500
Net Cash Used by Operating Activities	-28,811
Cash, Beginning	29,503
Cash, Ending	692

No Interest or Income Taxes Paid

See Accountant's Review Report and Notes

LAUNCHSPACE TECHNOLOGIES CORP
NOTES TO REVIEWED FINANCIAL STATEMENTS (UNAUDITED)
DECEMBER 31, 2019

Summary of Significant Accounting Policies:

The summary of the significant accounting policies of Launchspace Technologies Corp is presented in order to facilitate the understanding of its financial statements. Such financial statements and notes are representations of its management, who is responsible for their integrity and objectivity.

The accounting policies herein summarized conform to generally accepted accounting principles as they have been applied in the preparation of these financial statements.

(a) Business Activity:

The Company is primarily engaged in finding solutions to the increasing dangers posed by orbital debris which is critical to the ongoing safety and reliability of all spacefaring applications and space-based sensor solutions that will provide data for space domain awareness of low earth orbit, geosynchronous earth orbit and cislunar space. The data from these sensor spacecraft will be sold to national security, civil (NASA,NOAA) and commercial customers.

(b) Revenue Recognition:

The Company uses the accrual method of accounting whereby all sales are recognized at the point of sale and expenses and liabilities are incurred for financial statements. Corporate income taxes are filed on an accrual basis. The Company did not make any accrual for deferred income taxes.

(c) Fixed Assets:

Fixed Assets are recorded at cost and depreciated at annual rates which in the opinion of management will expend such costs over the useful lives of the assets. Such assets although fully depreciated are shown since they are still in use.

(d) Accounts Receivable:

The accounts receivable at financial statement date reflect outstanding amounts. The Company uses the direct write off method in recording uncollectable accounts which does not result in amounts that differ materially from the allowance method required by generally accepted accounting principles. Since bad debts have historically not been material, no allowance for uncollectable amounts has been provided.

(e) Commitments and Contingencies:

During Covid the Company has used the apartment of one of the stockholders as its principle base of business. However there is a company office that is used on a per need basis with no commitments or contingencies

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LAUNCHSPACE TECHNOLOGIES CORP

BALANCE SHEET (UNAUDITED)
DECEMBER 31, 2020

ASSETS			
Current Assets:			
Cash in Bank	\$	254	
In-Kind Contribution		<u>655,000</u>	
Total Current Assets			<u>\$ 655,254</u>
Other Assets:			
AMORTIZABLE COSTS	\$	1,500	
ACCUMULATED AMORTIZATIO		<u>-1,275</u>	
Total Other Assets			<u>225</u>
TOTAL ASSETS			<u>\$ 655,479</u>
LIABILITIES			
Current Liabilities:			
Loans Payable	\$	174,629	
Loans -Shareholder		334,996	
Airbus		<u>102,375</u>	
Total Current Liabilities			<u>\$ 612,000</u>
TOTAL LIABILITIES			<u>612,000</u>
EQUITY			
Common Stock	\$	297,037	
Retained Earnings		-550,241	
Year to Date Earnings		<u>296,683</u>	
Total Stockholder's Equity			<u>43,479</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY			<u>\$ 655,479</u>

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF INCOME(UNAUDITED)

STATEMENT OF INCOME
Period: YEAR ENDED DECEMBER 31, 2020

Income:		
In-Kind Revenue Contribution	\$ 655,000	
Gross Income		\$ 655,000
Operating Expenses:		
Advertising	600	
Amortization	300	
Auto and Truck Expense	12,000	
Dues and Subscriptions	1,500	
Insurance	3,548	
Legal and Professional	77,968	
Office Expense	31,676	
Outside Services	125,000	
Travel	3,250	
Conferences	100	
International Space	0	
Station Launch Handle & Return of Payload	0	
Total Operating Expenses	<u>102,375</u>	<u>358,317</u>
Net Operating Income (Loss)		<u>296,683</u>
NET INCOME (LOSS)		<u>\$ 296,683</u>

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020

	Common Stock	Accumulated Deficit
Balance January 1, 2020	1500	-550,241
Issuance of Common Stock	.03.78	
Net Income		296,683
Balance December 31, 2020	1503.78	-253,558

No Additional Paid-In Capital

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LAUNCHSPACE TECHNOLOGIES CORP
STATEMENT OF CASH FLOWS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020

<u>Cash Flows From Operating Activities</u>	
Net Income	296,683
<u>Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities</u>	
<u>Amortization</u>	300
<u>Changes in Assets and Liabilities</u>	
<u>Increase in In-kind Receivables</u>	-655,000
<u>Loans Payable</u>	174,629
Increase in Loans Payable Shareholders	80,575
<u>Increase in Accounts Payable</u>	102,375
<u>Total Adjustments</u>	297,121
Net Cash Used by Operating Activities	-438
Cash, Beginning	692
Cash, Ending	254
No Interest or Income Taxes Paid	

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See letters following footnotes regarding valuation of the In-Kind Contribution and letter from Airbus explaining our joint project.

(b) Revenue Recognition:

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(e) Commitments and Contingencies:

During Covid the Company has used the apartment of one of the stockholders as its principle base of business. However there is a company office that is used on a per need basis with no commitments or contingencies

(f) Stockholders' Equity

The Company's original certificate of incorporation authorized 1,000 shares of common stock at \$0.00 par value per share. That was a scrivener's error, which was remedied in January 11, 2021. Pursuant to a certificate of amendment filed with the Delaware secretary of state, the Company is authorized to issue 9,000 shares of common stock. Each holder of common stock is entitled to one vote. As of December 31, 2020, the Company had 1,503.78 shares of common stock issued and outstanding.

Airbus has provided Launchspace Technologies Corporation (LTC) with an in-kind contribution to our orbital debris remediation solution that they have valued in written communications with Launchspace at \$5.24 million:

	Price	#	Line Item Total
Payload integration (thermal, electric, safety, verification)	\$ 700,000	1	\$ 700,000
upmass (per kg)	\$ 20,000	25	\$ 500,000
downmass (per kg)	\$ 40,000	25	\$ 1,000,000
Astronaut crew time (per hour) ¹	\$ 130,000	4	\$ 520,000
Airlock (per cycle) - egress/ingress (1 cycle for each) ²	\$1,000,000	2	\$ 2,000,000
Canadarm ARM egress/ingress ³	\$ 130,000	4	\$ 520,000
Crew transfer bag (CTB) up and down	N/A		
	Total		\$ 5,240,000

¹2 hours to mount the Launchspace demonstrator on the JOTI slide table - egress/2 hours ingress

²JOTI - Japanese slide table that goes out to the airlock and slides out. The airlock opens and the Canadarm grabs the payload and mounts it onto the Bartolomeo platform

³Assumption is that Canadarm is charged based on crew time, there is not a "mechanical use" fee

As the letter of recommendation below mentions, as well as in press releases in SpaceNews, Airbus is only charging Launchspace for 1 year of hosting our orbital debris remediation and spacecraft shielding demonstrator on their Bartolomeo platform on the International Space Station (ISS). Consultations with Venture Capital executives and accountants provided insight on the best way to recognize on an accounting basis this in-kind contribution. The ISS project lasts nearly 3 years - from the design, assembly and testing of materials for the demonstrator with NASA and other partners, integration into a launch vehicle, one year on the ISS in the RAM facing direction (in the front of the ISS pointing in the direction of flight of the ISS) and then return the demonstrator to Launchspace for inspection of how the demonstrator performed in space.

There is an expense for the one year of hosting on the Airbus Bartolomeo platform. The contact for this service with Airbus is confidential but, as an example, if the cost for hosting for 1 year with Airbus is \$1 million and the first milestone payment due to Airbus was in Q4 2020 for 12.5% of the total fees, then Launchspace has applied this expense ratio of 12.5% to the \$5.24 million in-kind contribution in the quarter that the invoice for services/expense occurs. There is a significant amount of work on the part of Airbus for putting technology onto the ISS, which is why the milestone payments started not long after our contacts with Airbus was signed on September 15, 2020.

<https://spacenews.com/launchspace-debris-payload-to-iss/>

<https://spacenews.com/launchspace-technologies-proposes-debris-mitigation-and-collection-constellations/>

AIRBUS

Memorandum

Ref: ADSH-CORP-20-008

To
Mr. John Bauman
CEO

From
Mr. Ron Dunklee
President & CEO

Launchspace Technologies Corporation (LTC)
Telephone
T **deleted phone #**

Airbus DS Space Systems, Inc. (ADSH)
Telephone
T **deleted phone #**

E-mail
deleted e-mail address

E-mail
deleted e-mail address

Date
15 September 2020

Subject: Airbus support of Launchspace's International Space Station (ISS) Orbital Debris Remediation Demonstrator mission

Dear Mr. Bauman

Airbus (ADSH) is thrilled to be hosting the Launchspace Orbital Debris Collection demonstration mission on the Airbus Bartolomeo platform on the International Space Station (ISS). Finding solutions to the increasing dangers posed by orbital debris is critical to the ongoing safety and reliability of all spacefaring applications, from Human exploration initiatives, to the continued development of an orbital economy. We view the LTC Orbital Debris Collection demonstration mission as a bold step toward advancing the state of the art for orbital debris collection and mitigation technologies and techniques.

This collaboration between Airbus and Launchspace exemplifies the complimentary relationship between Commercial Space Infrastructure Providers and Cutting-Edge Technology Developers coming together to provide significant advancement in orbital technologies.

Under the terms of our contract with Launchspace, Airbus will provide all standard services required for the one-year hosting of your orbital debris solution on the Bartolomeo platform. The launch and return to earth a year later with your debris demonstrator payload, crew time and ISS resources are being provided to Launchspace at no additional cost.

This allows Launchspace to focus on your technology and market development while Airbus provides the resources, support and infrastructure necessary to host the system on the ISS.

Airbus looks forward to working with Launchspace to explore future opportunities for building your sensor satellite constellation, which will provide national security, civil and commercial customers important space-based data and the commercial deployment of your orbital debris remediation constellation.

Best Regards,


Ron