

**SOPHIS INVESTMENTS LLC – Internal Financial Estimates & Projections of Terran Orbital Corporation (NYSE: LLAP)**

**Projected Capitalization Table**

			conversions		\$0.0 conver		\$1.43 conver		\$1.50 conver		\$1.60 conver		\$1.75 conver		\$2.898 conver		\$10 conver		\$11.5 conver	
			Current	Δ	Final	Δ	Final	Δ	Final	Δ	Final	Δ	Final	Δ	Final	Δ	Final	Δ	Final	
Debt																				
Francisco Partners Facility 9.25%			\$120		\$120		\$120		\$120		\$120		\$120		\$120		\$120		\$120	
Rollover debt-Lockheed 9.25%			\$25		\$25		\$25		\$25		\$25		\$25		\$25		\$25		\$25	
Rollover-Beach Pt 9.25%+2% PIK			\$32		\$32		\$32		\$32		\$32		\$32		\$32		\$32		\$32	
B	Convert debt-Lockheed 10% PIK		\$107		\$107		\$107		\$107		\$107		\$107	(\$107)	\$0		\$0		\$0	
A	PIPE Investment Obligation		\$21	(\$21)	\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	
Finance Leases			\$5.3		\$5.3		\$5.3		\$5.3		\$5.3		\$5.3		\$5.3		\$5.3		\$5.3	
Equipment Financings			\$1.6		\$1.6		\$1.6		\$1.6		\$1.6		\$1.6		\$1.6		\$1.6		\$1.6	
Total debt, gross			\$311	(\$21)	\$291	\$0	\$291	\$0	\$291	\$0	\$291	\$0	\$291	(\$107)	\$184	\$0	\$184	\$0	\$184	
C, D, E, F, G	Cash		\$79	\$0	\$79	\$41	\$120	\$35	\$155	\$3	\$158	\$3	\$161	\$50	\$211	\$111	\$322	\$222	\$544	
Net Debt			\$233		\$212		\$171		\$136		\$132		\$130		(\$27)		(\$138)		(\$360)	
Shares Outstanding (millions)																				
Basic shares outstanding			197.8	37.4	235.2	29	264.2	23.2	287.5	2.0	289.5	1.6	291.1	54.6	345.7	11.1	356.7	19.3	376.0	
Dilutive Options & RSUs			0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Fully Diluted Shares Outstanding			197.8	37.4	235.2	29	264.2		287.5		289.5		291.1	54.6	345.7	11.1	356.7	19.3	376.0	
\$Δ	Strike	Anti-Dilutive																		
		Options & RSUs	18.8	(18.8)	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
\$83	\$10.0	D FP Combination	8.3		8.3		8.3		8.3		8.3		8.3		8.3	(8.3)	0.0		0.0	
\$28	\$10.0	D Combination	2.8		2.8		2.8		2.8		2.8		2.8		2.8	(2.8)	0.0		0.0	
\$222	\$11.5	D Public warrants	19.3		19.3		19.3		19.3		19.3		19.3		19.3		19.3	(19.3)	0.0	
\$50	\$2.90	C LMT Warrants	17.3		17.3		17.3		17.3		17.3		17.3	(17.3)	0.0		0.0		0.0	
		A PIPE Investment	13.8	(13.8)	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
\$108	\$2.90	B LMT Convertible	37.3		37.3		37.3		37.3		37.3		37.3	(37.3)	0.0		0.0		0.0	
\$41	\$1.43	D May 2023 Warrants	29.0		29.0	(29)	0.0		0.0		0.0		0.0		0.0		0.0		0.0	
\$3	\$1.60	E Placement Agent Warrants	2.0		2.0		2.0		2.0	(2.0)	0.0		0.0		0.0		0.0		0.0	
\$35	\$1.50	F Sept 2023 Warrants	23.2		23.2		23.2	(23.2)	0.0		0.0		0.0		0.0		0.0		0.0	
\$3	\$1.75	G Placement Agent Warrants	1.6		1.6		1.6		1.6		1.6	(1.6)	0.0		0.0		0.0		0.0	
Additional potentially dilutive shares			173.3	(32.5)	140.8	(29)	111.8	(23)	88.6	(2)	86.5	(2)	84.9	(54.6)	30.4	(11.1)	19.3	(19.3)	0.0	
\$9	1.8	(+) PIK Interest Shares	4.9	(4.9)	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Total Potential Fully-Diluted, A			376.0	0.0	376.0	0.0	376.0		376.0		376.0		376.0	0.0	376.0	0.0	376.0	0.0	376.0	
Final Shares			197.8		235.2		264.2		287.5		289.5		291.1		345.7		356.7		376.0	
Market Cap			\$198		\$235		\$378		\$431		\$463		\$509		\$1,002		\$3,567		\$4,324	
Debt			\$311		\$291		\$291		\$291		\$291		\$291		\$184		\$184		\$184	
Cash			(\$79)		(\$79)		(\$120)		(\$155)		(\$158)		(\$161)		(\$211)		(\$322)		(\$544)	
Enterprise Value			\$430		\$447		\$548		\$567		\$596		\$639		\$975		\$3,429		\$3,965	
			\$1.00		\$1.00		\$1.43		\$1.50		\$1.60		\$1.75		\$2.898		\$10.00		\$11.50	

	Projected Valuation Estimates							
	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
ILLUSTRATIVE VALUATIONS								
<u>Revenue (#s in ,000s)</u>				\$143,170	\$429,214	\$763,919	\$1,088,356	\$1,429,151
Sales multiple				4.3x	2.8x	2.4x	2.3x	2.0x
Enterprise Value				\$615,633	\$1,201,798	\$1,833,405	\$2,503,218	\$2,858,302
(-) Period Net Debt				(\$212,021)	(\$324,128)	(\$405,467)	(\$424,561)	(\$372,213)
(+) Annual Cash Gen				(\$112,107)	(\$81,339)	(\$19,093)	\$52,348	\$133,493
Implied Equity Value				\$291,504	\$796,331	\$1,408,844	\$2,131,006	\$2,619,581
(+) Cash increase/Debt decrease from warrants/converts @ valuation				\$100,164	\$259,807	\$259,807	\$259,807	\$259,807
FD Shares Outstanding				289.5	345.7	345.7	345.7	345.7
\$/Share				\$1.35	\$3.06	\$4.83	\$6.92	\$8.33
<u>EBITDA (#s in ,000s)</u>							\$109,588	\$202,644
EBITDA multiple							20.0x	13.0x
Enterprise Value							\$2,191,759	\$2,634,373
(-) 2Q23 Net Debt							(\$212,021)	(\$212,021)
(+) Cumulative Net Cash Gen thru Period							(\$160,192)	(\$26,699)
Implied Equity Value							\$1,819,547	\$2,395,653
(+) Cash increase/Debt decrease from warrants/converts @ valuation							\$259,807	\$259,807
FD Shares Outstanding							345.7	345.7
\$/Share							\$6.02	\$7.68
<u>Free Cash Flow (#s in ,000s)</u>							\$52,348	\$133,493
FCF Multiple							38.0x	20.0x
Equity Value							\$1,989,219	\$2,669,851
FD Shares Outstanding							345.7	345.7
\$/Share							\$5.75	\$7.72
<u>NOPAT (#s in ,000s)</u>							\$84,464	\$158,909
NOPAT Multiple							28.0x	15.0x
Enterprise Value							\$2,364,991	\$2,383,633
(-) 2Q23 Net Debt							(\$212,021)	(\$212,021)
(+) Cumulative Net Cash Gen thru Period							(\$160,192)	(\$26,699)
Implied Equity Value							\$1,992,778	\$2,144,913
(+) Cash increase/Debt decrease from warrants/converts @ valuation							\$259,807	\$259,807
FD Shares Outstanding							345.7	345.7
\$/Share							\$6.52	\$6.96

<b>Average FV</b>	<b>\$6.30</b>	<b>\$7.67</b>
IRR Discount	20%	20%
Years to FV	4	5
<b>Average PV</b>	<b>\$3.04</b>	<b>\$3.08</b>

## Notes

### Capitalization Table

- Table illustrates adjustments to Terran Orbital Corporation's capitalization table at different stock conversion prices, reflecting exercise and conversion of securities, as well as respective increases in cash, decreases in debt, and the corresponding adjustment to Net Debt.
- \$0.0 conversion reflects the accelerated vesting and conversion of all eligible securities upon a change of control, including the outstanding PIPE obligation (reducing debt by \$21MM and increasing shares outstanding by 13.8MM), options & restricted stock units (together, an additional 32.5MM shares in exchange for negligible net cash).
- \$1.43 conversion reflects the exercise of 29MM warrants outstanding at a \$1.43/share conversion price in exchange for \$41MM cash.
- \$1.50 conversion reflects the exercise of 23MM warrants outstanding at a \$1.50/share conversion price in exchange for \$35MM cash.
- \$1.60 conversion reflects the exercise of 2MM placement agent warrants outstanding at a \$1.60/share conversion price in exchange for \$3MM cash.
- \$1.75 conversion reflects the exercise of 1.6MM placement agent warrants outstanding at a \$1.75/share conversion price in exchange for \$3MM cash.
- \$2.898 conversion reflects the exercise of 17.3MM Lockheed Martin Corporation warrants outstanding at a \$2.898/share conversion price in exchange for \$50MM cash, plus the conversion of \$107MM Lockheed Martin Corporation convertible debt at a \$2.898/share conversion price in exchange for 37.3MM additional shares.
- \$10 conversion price reflects the exercise of 11.1MM warrants outstanding at a \$10/share conversion price in exchange for \$111MM cash.
- \$11.50 conversion price reflects the exercise of 19.3MM warrants outstanding at an \$11.50/share conversion price in exchange for \$222MM cash.

### Projected Valuation Estimates

- Net Debt reflects current debt for the period, plus, as applicable, the cumulate increase/(decrease) in cash from cash flow/(loss) from operations and investing.
- Cash increase/Debt decrease reflects change in cash from convertible securities and exercises, or cash flow from financing.
- Fully diluted shares outstanding reflects pro forma shares outstanding at respective price per share, incorporating the issuance of new shares reflecting the exercise, vesting or conversion of applicable outstanding dilutive securities.

### Additional Potential Dilution Note

- For illustrative purposes, if the Company were to raise an additional \$65MM cash at a price of \$1.00/share, issuing an additional 65MM shares, our Average Present Value (PV) per share estimate would be \$2.67/share and \$2.69/share, based on 2026E and 2027E financial projections and metrics, respectively, or approximately 12% lower than our current Average PV estimates, reflecting additional potential dilution.

## DISCLAIMER

Sophis Investments LLC is a registered investment advisor ("Sophis Investments", or the "Adviser"). To the extent mentioned, shares outstanding refers to a company's number of fully diluted shares outstanding. Market Cap, or market capitalization, is the total dollar market value of shares outstanding at the Recent Price. Net Debt is a company's recently reported balance sheet debt minus cash and equivalents. Enterprise Value is a company's Market Cap plus Net Debt. Both Net Debt and EV are subject to certain adjustments to account for specific business realities, and as such, any numbers referenced are only estimates. The discussion of the company mentioned herein does not purport to imply that any security is currently available for purchase at or near a price that the Adviser deems acceptable; this information is considered proprietary by the Adviser. Accordingly, no recommendation to buy or sell any security is made herein. Numbers may not add due to rounding. The information contained herein is based on internal research. While the information was obtained by sources believed to be reliable, it is not guaranteed as to accuracy or completeness, and does not purport to be statements of all material facts related to the securities mentioned. All information herein, including the definitions below, reflect opinions of the Adviser.

This document shall not constitute an offer to sell or the solicitation of any offer to buy any securities or any investment advisory services, which may only be made in those jurisdictions where permitted by law and only once the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. An investment in Sophis Investments' investment program is speculative and involves a high degree of risk and there is no guarantee that the investment objective will be achieved. Moreover, the past performance of the investment team should not be construed as an indicator of future performance. Any projections, market outlooks or estimates in this document are forward-looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the returns or performance of any client account. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur.

The information in this material is only current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Any statements of opinion constitute only current opinions of Sophis Investments, which are subject to change and which Sophis Investments does not undertake to update. Due to, among other things, the volatile nature of the markets, an investment with Sophis Investments may only be suitable for certain investors. Parties should independently investigate any investment and should consult with qualified investment, legal and tax professionals before making any investment. Investors should refer to the Adviser's Form ADV, ADV Part 2A and ADV Part 2B for more information.